COUNTRY COMMERCIAL GUIDE
BOLIVIA

2005

Prepared by
U.S. Embassy La Paz
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1. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Bolivia's commercial environment, using economic, political and market analyses. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC, a multi-agency task force) to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

The commitment of Bolivia's successive governments to the free-market economic system for the last 20 years – following the trauma of hyperinflation in the early 1980s – created conditions that led to a period of steady economic growth up to 1999. This growth has been largely non-inflationary, thanks to the Bolivian Central Bank's strict control of money supply growth. The rate of economic growth over the last few years, though, has been disappointing, and its distribution has been uneven across the population. Bolivia remains the poorest country in South America, with a significant portion of its population participating only marginally in the formal economy. This marginalization has recently manifested itself in regular and sometimes violent political protests.

Bolivia has a relatively low level of industrialization and remains highly dependent on imports – especially of capital and consumer goods – and foreign direct investment (FDI). The United States exports more to Bolivia than does any other country: in 2003, the United States exported goods worth USD 258 million to Bolivia and imported goods worth USD 234 million. Those figures should adjust in 2004 to approximately USD 247 and USD 300 million, respectively. The U.S. is also the single largest investor in Bolivia, with a stock of investment worth USD 2.4 billion at the end of 2003, which represents approximately 35 percent of total FDI. No investment figures are yet available for 2004.

Following Gross Domestic Product (GDP) growth of 3.5 percent in 2004, the Government projects that Bolivia's GDP will grow 4.5 percent in 2005, with nominal GDP equaling roughly USD 8.4 billion. Bolivia's engine of growth in recent years has been the hydrocarbons and telecommunications sectors, though investment in both sectors has trickled off since 2002. Investments in the hydrocarbons sector were spurred by the opening in August 1999 of the gas pipeline to Brazil, which was expected to absorb significant amounts of Bolivia's natural gas production. Inflation continues to be low, at 3.5 percent in 2004 and projected at 3.5 percent for 2005.

Bolivia welcomes foreign direct investment throughout its economy, with very few restrictions. The Investment Law guarantees national treatment and the free convertibility of currency, and a U.S.-Bolivia Bilateral Investment Treaty (BIT) came into effect on June 7, 2001. The BIT provides the means for U.S. investors to defend their rights. Nonetheless, public cries for changes to laws – most recently to the Hydrocarbons Law – are frequent, most often from opposition political parties, but also, in 2003 and 2004, from highly organized civil society groups.

Potential investors should note that Bolivia's judicial system lacks transparency and enforcing contracts through the courts can be difficult. Complaints of corruption among low-level officials of the executive branch are common. The last two administrations recognized this deficiency and began to address this and other corruption issues.

The United States and Bolivia have a long-standing cooperative relationship in the promotion of the country's social and economic development, the strengthening of its democratic institutions, the eradication of illegal coca production and the interdiction of the trade in cocaine and precursor chemicals. The Mesa administration continues Bolivia's good relations with the United States.

Absent significant changes to the legal framework, such as those being debated in the draft hydrocarbons law or through the Constituent Assembly (to rewrite Bolivia's Constitution in 2005), the best prospects for U.S. trade and investment in the coming years are in the hydrocarbons, manufacturing, and telecommunications sectors. The Andean Trade Promotion and Drug Eradication Act (ATPDEA) of August 2002 opened up new possibilities for investment in the area of textiles, which now enjoy duty-free access to the U.S. market, subject to an annual regional cap. In April 2003, the Bolivian Government announced a plan to take greater advantage of ATPDEA, especially in the textile and wood products industries. Since then, exports have hit record highs and thousands of new jobs have been created. Since May 2004, Bolivia has participated as an observer in negotiations for a Free Trade Agreement (FTA) between the U.S. and Andean nations.

In sum, Bolivia offers potentially lucrative investment and business opportunities, and many U.S. and other foreign companies have successfully operated and prospered here. While the rewards can be great, so can the risks, including a lack of judicial security, alleged corruption among public officials, frequent episodes of social unrest, arbitrary decisions by regulators and government officials, and cumbersome bureaucratic procedures and political pressure to abrogate contracts. Companies looking to invest and do business in Bolivia should weigh carefully all advantages and risks, conducting thorough due diligence, and retaining competent local legal and other counsel.

2. ECONOMIC TRENDS AND OUTLOOK

Major Trends and Outlook

After twelve years of moderate economic growth, the Bolivian economy slowed down in 1999. The country's economic growth rate dropped from an average of 4.5 percent annually to only 2.3 percent in 2000, and around 1.5 percent in 2001. In the last three years, economic growth rebounded slightly to 2.8 percent in 2002, 2.5 percent in 2003 and 3.5 percent (projected) in 2004. The recovery can be credited to increases in exports and high international commodity prices. While GDP per capita declined from 1999 until 2003, it is expected to climb in 2004 to approximately USD 914.

Bolivia's capitalization program (a variation of privatization carried out in 1996-1997) effectively turned over five state-run enterprises to private hands, with the Bolivian Government retaining a 50 percent, non-operational share in each newly capitalized company. Foreign investors brought USD 1.7 billion in new moneys into Bolivia's transportation, energy, hydrocarbons, and communications infrastructure. The program has been criticized, however, for having created few jobs outside the capitalized sectors and for having eliminated some jobs from the over-staffed state corporations. There was also less investment in the development of the country's infrastructure than was promised to the public by the Government, resulting in a lower level of investment and job creation in unrelated industries.

Under the terms of its agreements with international donors, the present administration plans to use its limited public investment resources to develop programs such as road construction, housing, irrigation, rural electrification and domestic connections to natural gas lines. These sectors should, therefore, be more attractive as well in the coming years to U.S.-based providers of goods and services. The government has committed itself to improving social indicators over time. With over a year in office, however, the Mesa administration has yet to make much progress with these projects.

Following the hyperinflationary period of the early 1980s, Bolivia's successive administrations have maintained fiscal and monetary discipline and thereby successfully avoided a recurrence of uncontrolled inflation. By 1993-94, the government brought inflation down to single digits.

While Bolivia was able in the mid-1990s to reduce significantly its fiscal deficit, pension reforms in 1998, as well as poor performance of the economy as a whole, caused the fiscal deficit to rise in 2001 to 6.9 percent of GDP. In 2003, the deficit stood at 8.9 percent of GDP, 6.8 percent after donations. The 2004 deficit, after donations, is expected to be 6.0 percent of GDP. In 1998, the Government renewed its commitments to the International Monetary fund (IMF) under an Enhanced Structural Adjustment Facility (ESAF), and the debt relief program under the Highly Indebted Poor Country (HIPC) program came into force. Due to consequent international borrowing constraints, the Government of Bolivia has relied increasingly on the issuance of domestic bonds in order to finance the deficit. In early April 2003, the Government signed a Stand By Agreement (SBA) with the International Monetary Fund (IMF). The SBA, which was signed for one year, has been extended twice and will now likely be in effect until June 2005. The government hopes to sign a three-year Poverty Reduction and Growth Facility (PRGF) with the IMF before the SBA lapses.

Bolivia's chronic poverty and public indebtedness remain daunting challenges and feed Bolivia's constantly simmering unrest. A large percentage (between 65 and 85 percent) of the population lives outside the formal economy, with many facing the grinding reality of securing a livelihood through small-scale agriculture. Successive Bolivian administrations have worked with international financial institutions (IFIs) and bilateral donor agencies to improve the lives of Bolivia's poorest citizens, though many claim that results have not come soon enough and have produced insufficient change in the daily lives of Bolivia's poor.

As of July of 2004, Bolivian mid-term and long-term foreign debt was USD 4.5 billion, of which USD 4.2 billion was owed to multilateral institutions, USD 1.5 million to private banks and USD 0.3 billion to governments (bilateral debt). Bolivia's inclusion in the HIPC Initiative provided significant debt relief by both bilateral and multilateral creditors during 2000 and 2001.

Principal Growth Sectors

Bolivian exports are concentrated in the agriculture and manufacturing sectors. However, natural gas plays a significant role in Bolivian exports and public finances. Bolivia has the second-largest gas reserves in South America and is actively seeking new markets. The country exports gas to Sao Paulo, Brazil, via the Bolivia-Brazil Pipeline, and to Cuiaba, Brazil, via a smaller pipeline. Both pipelines are large enough to allow gas exports to increase over time. That said, the Brazil-Bolivia Gas Sales Agreement (GSA) treaty could be changed in the short-term as some terms of the contract are now open for negotiation. The overall level of gas exports to Brazil increased in 2003 and 2004.

Petroleum companies from the United States, the United Kingdom, France, Brazil, Argentina and Spain invested a total of USD 4 billion in Bolivia since 1997. Gross FDI in exploration and development activities totaled USD 283 million in 2003 and could reach USD 180 million in 2004. As a result of exploration activities conducted mainly by Total Fina Elf (TFE) and Petrobras, Bolivia's natural gas reserves have increased to approximately 52.4 trillion cubic feet (TCF), the second-larges reserves in South America, after Venezuela. In October 2004, TFE announced another large discovery of natural gas in Chuquisaca and Santa Cruz.

The agricultural sector has experienced impressive growth as farmers mainly in the Department of Santa Cruz have increased the production of soy, sunflower seeds, and sugar. Bolivia exports soy and oilseed products, principally to Colombia and Venezuela, under the Andean Community (CAN) tariff regime. The agricultural sector – principally in the Santa Cruz region – enjoyed annual growth rates of over 9 percent between 1994 and 1998, but growth slowed between 1999 and 2002, rebounding in 2003 thanks to high international prices. 2004 was also a difficult year for farmers, because of poor weather conditions and a drop in international soy prices. Bolivian farmers have complained of a credit crunch in recent years, causing some farmers to resort to pre-selling crops to processing facilities as a form of quasi-financing, a situation exacerbated by economic stagnation since 1999. New investments and new technologies in this sector could greatly boost future production. In 2004, the industry began investigating the legalization of genetically modified (GMO) seeds in the industry.

The manufacturing sector has grown significantly in recent years. Textiles and clothing, leather goods and jewelry are the most important manufacturing areas. The government has focused on these sectors – as well as on value-added wood products – to take advantage of Bolivia's special tariff status with the U.S.

The textile and leather industry in Bolivia has been growing as a consequence of the preferential tariff treatment that was granted to textiles under the Andean Trade Program and Drug Eradication Act (ATPDEA) in August 2002. A combination of high quality raw materials – such as cotton, alpaca, angora and llama fiber – coupled with low labor costs, have made Bolivian products competitive in the international market. As this sector continues to develop, there are sales prospects for laundry, stamping, transfer and packaging machinery; synthetic fibers and threads and decorative accessories; laboratory and packaging supplies; and, equipment and design software.

Jewelry, due to Bolivia's tradition in both mining and artisan work, has become an important sector. The country has large deposits of gold, silver, copper and tin as well as semi precious stones, including the rare ametrine "Bolivianita" stone. Several local and foreign companies in Bolivia manufactured gold and silver jewelry for export.

With the capitalization of several state-owned companies in the mid-1990s, the service sector is steadily becoming more important. Though on a smaller scale than hydrocarbons or mining, telecommunications continues to draw investment and expand despite the country's political problems, with even the poorest urban Bolivians owning prepaid cell phones.

Government Role in the Economy

Total government expenditure accounted for approximately 28 percent of GDP in 2003, of which about 7 percent of GDP was spent on investment. The public deficit was 7 percent in 2003, after receiving grants valued at 2.9 percent of GDP. The capitalization program of 1996-97 reduced the Government's presence as an economic player.

The Government has pledged to reduce the fiscal deficit to 5.5 percent of GDP in 2005. While Bolivia will still have to contend with significant current payments to finance pension reform (alone approximately 5 percent of GDP), the non-pension deficit may improve if revenue collection improves. Although fiscal austerity was a priority for the Mesa administration in 2004, international financial institutions (IFIs) will push for further budget cuts in 2005, with the most politically sensitive issues – especially Bolivia's nearly USD 100 million in hydrocarbons subsidies – not yet resolved.

In 1994, the first Sanchez de Lozada Administration launched the "Popular Participation Program," which required that a fixed percentage of federal revenues be passed with relatively few conditions to the country's over 300 local and regional governments. This program gave municipalities much more flexibility in directing government expenditures toward the most relevant needs in their respective communities. The national government has created programs and oversight mechanisms to assist municipalities to best administer their resources.

Balance of Payments Situation

As a result of two record-setting years for Bolivian exports, the trade balance has improved, from a USD 350 million deficit in 2002 to a USD 35 million surplus in 2003 and a USD 230 million projected surplus in 2004. According to the Bolivian Central Bank (BCB), exports are projected to increase by 32 percent in 2004, and imports to decrease by 4 percent. That said, Foreign Direct Investment (FDI), which was positive and significant through 2002, continued to decline in 2004. International reserves have fallen as a result of multiple periods of political uncertainty, first surrounding the June 2002 presidential election and then political violence in February and October 2003. Though some reserves have returned, overall net reserves remain around USD 1 billion as of November 2004.

Bolivian exports increased by 38 percent in the first nine months of 2004, mainly due to the significant rise in hydrocarbons exports (67 percent). High commodity prices also helped increase the value of mineral exports by 41 percent over the previous year, and non-traditional exports (soy and other cooking oils) increased by 21 percent through September 2004. Manufacturing exports were 19 percent higher than in 2003.

The Government's total medium- and long-term debt stands at USD 4.5 billion, as of August 2004. The Bolivian Treasury is responsible for 81 percent of these moneys, with another 6 percent owed by the Central Bank.

Infrastructure

Bolivia's deficient infrastructure – particularly its lack of adequate transportation links – figures prominently among the obstacles the country faces to further its development.

There are various road projects under development or construction across the country. The government passed a law in 1998 authorizing concessions for public works to incentivize non-traditional means to finance road projects. Concessions are granted to local or foreign contractors for up to 40 years. Although the Government has awarded several contracts to international and domestic private companies, most concessions were not completed nor applied to manage existing roadways. In an effort to reform Bolivia's National Road Service (SNC), the government institutionalized the SNC in 2001, mandating the hiring of a professional staff. The new administration has placed priority on building several new highways, most notably, a highway linking Santa Cruz to Puerto Suarez on the Brazilian border.

Bolivia has surplus electricity generating capacity – approximately 1000 megawatts (MW) in a country with demand of only 750 MW. All electricity generation is in private hands. The Guaracachi thermo-plant (248 MW) generates in Santa Cruz. The Corani (54 MW), which was acquired by Duke Energy in April 2003, and Santa Isabel (72 MW) hydroelectric plants supply energy to Cochabamba, as does the Valle Hermoso thermoelectric plant (87 MW), which was acquired by a Bolivian consortium in 2003. U.K.-based Globeleq owns the Bolivian Power Company (COBEE), which supplies the La Paz area and has 160 MW installed generating capacity. In May 2002, U.S.-owned Tenaska opened a 50 MW hydroelectric plant near La Paz through its local subsidiary, Hidroelectrica Boliviana, S.A.

There are several companies that offer long-distance and international telephone services. The former State company, Entel, enjoyed a monopoly on services until 2001 when the telecommunications market was opened to competition in national and international long distance services. As a result of competition in the market, rates have declined and the market has expanded extensively. Two of the four current market participants have U.S. investors: AXS Communications (which was previously owned by the AES Corporation) and Nuevatel/Viva (Western Wireless).

Cellular phones have proven to be very popular in Bolivia, as aggressive competition has resulted in consumers enjoying some of the lowest prices offered in the hemisphere. There are currently four cell phone providers in Bolivia: Entel (Italia Telecom), Telecel (Millicom), Nuevatel/Viva (U.S.-based Western Wireless) and COTAS (in the Santa Cruz area).

While Entel has invested in more sophisticated switching systems, local telephone cooperatives generally have not been able to afford to modernize their systems. The three largest cooperatives (COTAS, COMTECO, and COTEL, in Santa Cruz, Cochabamba and La Paz, respectively) control almost 85 percent of the country's local telephony. To facilitate market access, it is common for a foreign investor to make a "strategic alliance" with one of the cooperatives.

Two airlines – American Airlines and Lloyd Aereo Boliviano (LAB) – offer non-stop service to Miami. The Brazilian Airline VASP purchased half of LAB in 1995 during the capitalization process, but financial troubles rocked the airline in 2001, resulting in a takeover by a Bolivian company. A second domestic carrier, Aerosur, began operations in 2001, with a third, Amazonas, starting soon thereafter. UPS Air Cargo also services Bolivia. A variety of foreign airlines offer flights to neighboring countries, most on a daily basis.

The national railroad system has two distinct parts separated by the eastern Andes. The western system, called Andina, connects the cities of La Paz, Cochabamba, Oruro and Uyuni with the Chilean ports of Arica and Antofagasta, primarily serving the mining sector. The eastern line, called the Oriental, connects the city of Santa Cruz with Brazil, northern Argentina, and with barge service on the Paraguay-Parana River system, reaching Uruguayan and Argentine ports. Oriental's primary customers are in the soy, petrochemical and construction materials sectors. Both systems were placed under private control in 1996. The Andina line is operated by a Chilean company, while the Oriental line is operated by U.S.-owned Genesee & Wyoming. Oriental has made substantial investments to meet the demands of Santa Cruz's expanding economy.

3. POLITICAL ENVIRONMENT

Nature of the Political Relationship with the United States

The United States remains Bolivia's largest bilateral provider of foreign aid, its principal trading partner and the largest source of foreign investment. The United States today enjoys influence at nearly all levels of the Bolivian economy, society and culture, though there is an active "anti-neoliberalism" and "anti-globalization" movement in Bolivia that rejects U.S. influence. Although internally divided and a minority among politically active Bolivians, this group has in the recent past sometimes interfered with U.S. and other foreign investments.

U.S.-Bolivian relations are very good and the two governments collaborate closely in promoting democracy and sustainable economic growth, fighting terrorism, and combating drug trafficking. Regular high-level visits help maintain strong ties between the leaders of both governments. Given recent political instability and the ever-present possibility of unrest, however, investors should be wary of the potential effects of Bolivian social and political pressures on their businesses.

Major Political Issues Affecting the Business Climate

U.S. assistance aimed at economic development, health, protection of the environment and strengthening democracy is substantial, and counter narcotics also has been an important issue in the U.S.-Bolivia relationship over the past decade. Before his overthrow in October 2003, then-President Gonzalo Sanchez de Lozada (MNR) maintained the policy of late-President Hugo Banzer (1997-2001) and President Jorge Quiroga (2001-2002) of forcibly eradicating illegal coca grown in the Chapare region of Cochabamba. This policy has been a success, eliminating over 90 percent of what was once a major source crop for cocaine. The cost, unfortunately, has been periodic violent protests and roadblocks in the region by the radical minority committed to maintaining their illegal earnings. Coca production has also expanded in the Yungas Valley near La Paz. President Carlos Mesa affirmed his Administration's commitment to forced eradication of illegal coca at the beginning of his term, but has sought to mitigate violence through dialogue and negotiation. An October 2004 agreement established peaceful eradication of Chapare coca by temporarily allowing 3,200 hectares of coca to remain while a study of the legal demand for coca is completed in 2005. Despite the temporary nature of this negotiated agreement, any further concessions to coca growers could affect the U.S.-Bolivian bilateral relationship in coming years. The U.S. Government has provided extensive technical support to drug crop eradication and drug traffic interdiction efforts, as well as substantial assistance to promoting alternative economic activities in former coca-producing regions.

The Movement Toward Socialism (MAS) party, led by illegal coca advocate Evo Morales but also incorporating a range of community-based indigenous leaders, took second place in the June 30, 2002 presidential election. Centrist Sanchez de Lozada easily won the congressional run-off to become president, but the MAS and its allies on the far left comprise almost one-third of the seats in both houses of Congress. They also fared well in the December 2004 municipal elections, placing second or third in many cities and winning in more rural areas. The MAS espouses reflexively anti-U.S. and anti-market views, calling for nationalization of some industries, and its strength has driven President Mesa's legislative agenda farther to the left than many in the private sector would like.

Bolivia is a member of the Andean Community (CAN), MERCOSUR (associate membership) and the World Trade Organization (since 1995). Bolivia is generally supportive of U.S. goals on international trade and political issues, though domestic social elements continue to question the benefits of trade and globalization.

Bolivia qualified for a second major reduction of its outstanding multilateral debt in 2001 through the Enhanced Heavily Indebted Poor Countries (HIPC II) Initiative. The debt treatment was contingent on the development of an anti-poverty program in consultation with civil society. The U.S. Agency for International Development (USAID) has long maintained an important development assistance program in Bolivia. Major ongoing efforts include programs focused on child, maternal and reproductive health, sustainable forestry, micro-finance and economic opportunities, and democratic strengthening.

Through USAID, the Embassy provided assistance to Bolivia in establishing a new Code of Criminal Procedures to assist the justice system to improve transparency, accountability and efficiency. Improved administration of justice is crucial to diminishing corruption and regulatory inconsistency in the Bolivian business climate. Bolivia and the United States signed a Bilateral Investment Treaty in 2001 that provides additional protections to U.S. investors in Bolivia (see chapter 7).

Synopsis of the Political System

Bolivia held free and fair presidential elections on June 30, 2002. President Gonzalo "Goni" Sanchez de Lozada (MNR party) and Vice President Carlos Mesa (independent) polled 22.46 percent of the popular vote in a field of eleven candidates. Sanchez de Lozada won a congressional run-off on August 4, 2002, with support from three other political parties, and he took office two days later. This was Bolivia's sixth successive democratic transfer of power, an important step in a country once known for political instability and a dizzying string of military coups.

Bolivia's seventh constitutional transfer of power came earlier than expected. On October 17, 2003, following a week of violent protests in which over 60 people lost their lives, Sanchez de Lozada resigned and fled the country. Vice President Carlos Mesa assumed the Presidency that evening. The strain of five years of economic stagnation had diminished popular support for the political-economic system, based on capitalist and democratic principles. "Black October" (also dubbed the "Gas War") was a dark episode in Bolivia's fledgling democracy, even more worrisome than the police mutiny of February 2003, which left many dead in the vicinity of the Presidential Palace. In October 2003, the Government's perceived acquiescence in the sale of natural gas through historical rival Chile was a rallying point around which many otherwise disparate opposition groups coalesced. The "Gas War" was a battle between a policy that made economic sense and a Government that was seen as not responding to its people's desires. Mesa, therefore, emerged from October's violence with a populist, leftist-driven agenda: he vowed to hold a referendum on the export of natural gas, to write a new hydrocarbons law that would recoup ownership of natural resources for the Bolivian people, and to establish a Constituent Assembly to rewrite Bolivia's constitution.

In 2004, continuing populist demands expanded the "October agenda," with some sectors even calling for the immediate nationalization without compensation of Bolivia's hydrocarbons. The perception that Mesa is a weak populist who bends to the will of the western highlands regions of the country, particularly El Alto, is an image that has angered the eastern, lowland part of the country. Business and labor leaders in Bolivia's hydrocarbons-producing areas, especially Santa Cruz and Tarija, are lobbying for autonomy from the central government, an issue that could be put to a referendum vote as early as April 2005. If achieved, autonomy could significantly change Bolivia's governmental and financial structure. Proponents argue that a less centralized system will help make Bolivia's government more responsive in the long-term. In the short- and mid-term, however, Bolivia's political atmosphere will likely be fraught with uncertainty until the proposals for autonomy and a Constituent Assembly are concretely defined and resolved.

In short, investors must understand that Bolivia's democratic institutions and political system are weak and face acute and pervasive pressures from an array of political and social groups.

Outline of the Political System

Bolivia's electoral system mixes proportional representation of parties in Congress with direct, district-based elections of other representatives. The system encourages participation by multiple parties and makes it difficult for any one party to gain a legislative majority. Consequently, law making is cumbersome and coalition governments are the rule. A 2004 law allowed for citizen groups to put forth candidates for elections. Many of those citizen candidates fared well in the 2004 municipal elections. The new system has not yet been tested in a national election (scheduled for 2007).

Executive

The Cabinet includes the President, Vice President and 15 Ministers, as well as three Presidential Delegates, one to review the capitalization process, another tasked with institutional development, and the third for anti-corruption efforts. (The number and designation of ministers changes regularly.) The President and Vice President are elected to a five-year term, either with a straight popular majority or, much more likely, in a second-round run-off vote in Congress between the top two candidates. Although elected by Congress, the President does not need to maintain a congressional majority to stay in power, as in a parliamentary system.

The Bolivian Cabinet as of November 2004:

President	Carlos MESA Gisbert
Vice President	Vacant
Minister of Foreign Affairs	Juan Ignacio SILES del Valle
Minister of the Presidency	Jose Antonio GALINDO Neder
Minister of Government	Saul Octavio LARA Torrico
Minister of Defense	Gonzalo ARREDONDO Millan
Minister of Finance	Luis Carlos JEMIO Mollinedo
Minister of Economic Development	Horst GREBE Lopez
Minister of Education	Maria Soledad QUIROGA Trigo
Minister of Health and Sports	Fernando ANTEZANA Aranibar
Minister of Labor	Luis FERNANDEZ Fagalde
Minister of Agriculture	Diego MONTENEGRO Ernst
Minister of Services and Public Works	Jorge URQUIDI Barrau

Minister of Sustainable Development	Gustavo PEDRAZA Merida
Minister of Energy and Hydrocarbons	Guillermo TORRES Orias
Minister of Popular Participation	Roberto BARBERY Anaya
Minister of Indigenous Affairs	Ricardo CALLA Ortega
Presidential Delegate for the Review of Capitalization	Francesco ZARATTI
Presidential Delegate for Anti-Corruption	Guadalupe CAJIAS de la Vega
Presidential Delegate for Institutional Development	Jorge CORTES Rodriguez

President Mesa has chosen to run his administration without the participation of political parties. This is a first for Bolivia. Generally, the Cabinet reflects the coalition government in power, following a presidential election. In this case, it represents a patchwork balance of interests.

Legislative

A two-chamber Congress includes a 27-member Senate (chosen by party slate; three per department) and a 130-member Chamber of Deputies (half-elected directly, and half from party slates; apportioned roughly by population). Senators and deputies serve five-year terms and may be re-elected consecutively.

The major parties currently represented in Congress are:

MNR: Nationalist Revolutionary Movement
MAS: Movement Toward Socialism
MIR: Movement of the Revolutionary Left
NFR: New Republican Force
MIP: Pachakuti Indigenous Movement
UCS: Civic Solidarity Movement
ADN: National Democratic Action
PS: Socialist Party

Judiciary

The judicial system has four court levels: investigative, trial, superior court, and Supreme Court and Constitutional Tribunal appellate review. The twelve Supreme Court Justices are nominated by the Judicial Council and elected by the Congress (with two-thirds approval); they serve one ten-year term. In recent years, Congress' failure to elect judicial members has resulted in vacancies, in some positions as long as ten years. The Attorney General is independent from the executive branch; he is also appointed by a two-thirds vote in Congress and serves one ten-year term.

Suffrage is universal and compulsory at age 18. An estimated three million people voted in the 2002 elections. The next national elections are scheduled for June 2007. Nationwide municipal elections were held in December 2004. Elections generally are peaceful and fair.

4. MARKETING U.S. PRODUCTS AND SERVICES

Distribution and Sales Channels

The population of Bolivia is now majority urban, with 69 percent of all inhabitants living in the cities of La Paz/El Alto (29 percent), Santa Cruz (22 percent) and Cochabamba (18 percent). Many companies locate in La Paz, with sales agents in the other two major cities. However, Santa Cruz, Bolivia's fastest growing city and the country's economic center, is also an attractive base from which to market in Bolivia for many companies, as the city's transportation infrastructure is more internationally focused.

The most common method of distribution is the appointment of a representative. Distribution through the establishment of a local subsidiary or branch office has also become very popular.

Transportation is an important factor that should be taken into account in a marketing strategy. Because Bolivia is landlocked, merchandise must be delivered through seaports in Chile, Peru, Brazil or Argentina or by air. Occasional bad weather, roadblocks and port congestion can complicate delivery when using ports in these countries. As a result, air cargo transportation may be preferable even for heavy items.

Use of Agents and Distributors – Finding a Partner

Bolivian law does not require the use of local distributors for private sector commercial sales. Government purchases, however, require local agents. No minimum capital is required to initiate a business in Bolivia. Depending on the type of company that will be formed, certain requirements must be met. A company must register with the National Chamber of Commerce, the Internal Revenue Service (SIN), the Vice Ministry of Industry and Commerce, the National Directory of Commerce and the Municipality in which it is based. To register, agents and representatives require a letter or agreement from a firm appointing them as its agent or representative. This document should clearly indicate the contract's period of validity, the sales area covered by the agent (be it national or regional), the financial terms, and whether the exporting firm has the right to appoint other agents in other areas of the country. Legal counsel is recommended in drawing up the contract, which enables the agent to act on behalf of the foreign firm in government tenders.

It is important to be thorough in the selection of an agent or representative. Companies may, therefore, wish to take advantage of U.S. Department of Commerce services by contacting the nearest Commercial Service Export Assistance Center (EAC) in the United States. Services offered by EACs and the U.S. Embassy in La Paz include the International Partner Search (IPS), which helps identify interested agents and distributors; the Gold Key Service (GKS), which identifies potential distributors and arranges meetings with them; and the International Company Profile (ICP), which reports on the credit and business history of individual companies.

It is important to take into account Bolivia's informal economy, in which hundreds of thousands of Bolivians are engaged in merchandising, usually in small facilities or as street vendors. Although many goods are available through legitimate wholesalers, an overwhelming amount of available merchandize enters the country as contraband. Many wholesalers import directly and then distribute goods through their own retail outlets in major cities and through these informal channels. A great majority of the retail establishments are small operations, often family-owned.

Franchising

Bolivia has no specific legislation regarding franchising; however, there are clear rules governing its operation. A foreign-based company wanting to grant a specific franchise in Bolivia must first register the brand name with the office of the National Intellectual Property Service (SENAPI). Once the brand name is registered, the foreign company may grant the local company a franchise through a contract specifying the terms of mutual agreement.

Franchise operations have become popular in the last five years, mostly in fast food services, delivery services, language centers, and clothing and drug stores. The Bolivian Franchise Association was established in late 2004.

Bolivian Franchise Association
Calle Yanacocha esq. Mariscal Santa Cruz
Edificio Casanovas
Piso 6, Of. 606
La Paz
Contact: Jaime Jofré
Tel/Fax: (591-2) 215-2094
Email: jake@megalink.com

Direct Marketing

Direct marketing among financial institutions is fairly well established in Bolivia. Databases for direct marketing are not available. Commercial information can be obtained through the local chambers of commerce, trade associations and the Commercial Section of the Embassy in La Paz.

Joint Ventures/Licensing

A joint venture in Bolivia is defined as a specific business venture carried out by two or more parties with separate legal licenses. Once the objectives are clearly defined, a contract is signed between the parties, and each party becomes liable for debts according to the percentage each owns. The separate business interests of any party are not affected by the joint venture's activities unless specifically stated. Corporations and/or individuals (foreign or domestic) may enter into joint venture agreements. While foreign companies are not required to possess a local legal license in advance, they must be able to demonstrate their legal status in their country of origin. The Investment Law governs the operations of joint ventures and its implementing regulations are laid out in Supreme Decree 22526 (June 13, 1990).

Steps to Establishing an Office

Foreign investments are welcome in Bolivia. Although there are specific laws designed to minimize the bureaucratic hurdles to establishing an office in Bolivia, we strongly suggest that companies hire the services of a local attorney to avoid unnecessary delays and pitfalls. Under Bolivia’s Commercial Code, business can be conducted under the following types of business entities:

- Stock Company or Corporation (S.A):
  A company in which common capital consists of transferable shares. The liability of each stockholder is limited to the number of shares he has taken. The management of a corporation is the responsibility of its Board of Directors, which is made up of three to twelve directors (who may be shareholders) elected by the stockholders. Business may be conducted by one or more shareholders, or by third parties appointed for this purpose for a limited period of time as indicated in the company by-laws.

- Limited Liability Company (S.R.L.):
  A company in which the liability of each partner is limited to the amount invested. There may be between two and 25 partners. Capital shares must be paid in full at the time of incorporation of the company.

- General Partnership (S.C.):
  Participants are partners who have both joint and individual liability.

- Limited Partnership (Comandite):
  A partnership consisting of one or more general partners, jointly responsible as ordinary partners, and one or more limited partners who are not liable for the debts of the partnership beyond the sum contributed as capital to common stock.

- Joint Stock Companies
  Partners are liable for obligations as ordinary partners, whereas limited partners incur no liability beyond the number of shares subscribed.

- Temporary Association for Commercial Purposes without Formal Partnership
  A short-term agreement in which two or more persons unite for one or more transitory or particular operations.

- Branch of a Foreign Company and Sole Proprietorship
  Establishing a subsidiary can prove to be a difficult process taking four to eight months. The company’s statutes must be notarized and then published in a local newspaper. Approval to operate must then be obtained from the Internal Revenue Office, the Secretary of Industry and Commerce, and the local municipality.

The corporation, private company and branch are the most common vehicles for foreign investment.

Taxation on foreign companies is the same as that applied to local companies. Since 1995 all companies face a 25 percent tax on profits. U.S. companies can usually use the tax paid in Bolivia as a tax credit in the United States. Companies should consult a knowledgeable accounting firm in Bolivia for more detailed information.

Selling Factors/Techniques

Price competitive products from Asian countries such as China and Korea are very popular in Bolivia. Quality is, however, an important factor in capital goods, electronics and construction machinery. Most representatives in La Paz have small regional offices in Santa Cruz and Cochabamba. The rest of Bolivia is under-populated and does not offer an attractive market for many imported goods.

Advertising and Trade Promotion

The Bolivian advertising industry has become increasingly professional and competitive. The tremendous increase in private television ownership in recent years has prompted the industry to devote special attention to television commercial spots. La Paz remains the principal advertising center. Seven advertising agencies operate in La Paz, of which GRAMMA Ltda.; Nexus; SMART (McCann-Ericsson), Ltda.; and J. Walter Thompson are the leaders. All eight are members of the Chamber of Advertising Agencies. The Chamber can be contacted at:

Cámara Paceña de Empresas de Publicidad, CAPEP
Calle Lisímaco Gutierrez 513
La Paz
Contact: Javier Garcia, President
E-mail: capep@megalink.com

Advertising agencies usually charge a 15 percent commission, although this percentage is negotiable.

Radio

Radio has the largest audience of all communications media in Bolivia, reaching even the most isolated areas where electricity is not available. Radio stations are effective in reaching rural populations, particularly given the proliferation of programs in the two dominant native languages, Aymara and Quechua. Bolivia has approximately 477 radio stations.

Television

Television has the second largest audience of all communications media in Bolivia. It has become increasingly available to rural audiences, and televisions can be found in almost all urban homes. All TV stations are in private hands except for one government-owned national broadcasting station and those belonging to the major state universities. While several networks of stations broadcast common programming throughout the country, only the government station is considered to be truly “national” since it alone transmits to all areas of Bolivia.

Access to cable television is still limited, serving approximately 30,000 homes in different areas of Bolivia. The two major companies are Supercanal and Multivisión. Their packages include South American feeds from major world networks (such as CNN, BBC, MTV and Nickelodeon) and programming from other Latin American and European countries, some of which air popular U.S. television programs.

The Superintendent of Telecommunications regulates the industry. The Superintendent controls the hours of broadcasting but sets no price controls on purchasing commercial time.

Newspapers

The five newspapers in La Paz have a combined daily circulation of between 30,000 and 80,000 copies. The major La Paz newspapers are: *La Razon*, *La Prensa* and *El Diario*, all of which circulate nationally. The major newspapers from Santa Cruz, *El Deber* and *El Mundo*, and from Cochabamba, *Los Tiempos*, are also sold nationally.

Market Research

Bolivia's two major market research firms are Price Waterhouse/Lybrand and KPMG; another ten Bolivian market research firms represent other foreign consulting companies. Most of these firms also provide engineering and industry feasibility studies. All market research and consulting companies are required to register with the National Chamber of Consulting Companies. All correspondence to the association may be addressed as follows:

> Cámara Nacional de Empresas Consultoras (CANEC)
> Casilla 8560
> Avenida 6 de Agosto # 2464
> Edificio Los Jardines, Of. 5D
> La Paz
> Contact: Oscar Aguilar, President
> Tel: (591-2) 244-3819
> Fax: (591-2) 244-3819

Pricing Products

Bolivia enjoys an open market, with the Government of Bolivia imposing price controls only on petroleum products, the price of which is set by the Superintendent of Hydrocarbons. Municipal governments set prices of some basic consumer goods, such as bread, meat, and vegetables.

Sales Service/Customer Support

The competitive advantage of U.S. products against similar European and Japanese products is in price, quality, reputation and customer support. Service and maintenance provided by local agents of U.S. companies are probably the most important competitive factor. U.S. suppliers have traditionally provided after-sales service by training their local agents.

Selling to the Government

Since 1999, the control of the most significant entities once owned by the Bolivian Government has been in private (mostly foreign) hands. Government expenditures, however, still account for a significant portion of Bolivia's GDP. The central government, the regional governments (the state and municipal governments) and other government agencies remain important buyers of machinery, equipment and materials, as well as of other products and services.

In an effort to encourage local production, government purchasing rules changed significantly in March 2004 (Supreme Decree 27328, dated 31 January 2004). The government is legally required to call for tenders when proposed purchases are above USD 20,000 and under USD 1,000,000. Importers of foreign products can only participate in these bids if local manufactured products and services are not available or the bid is not awarded. Proposed purchases of USD 1,000,000 to USD 1,875,000 must also call for local bids under the same conditions. Only purchases from USD 1,875,000 to 5,000,000 can call for international bids.

Exceptional contracts may be applied for national security purchases for the armed forces or any other products or services of national interest, with no limit in value.

Bid specifications containing technical and commercial requirements are made available through the relevant government entity and are published in the local media and at www.sicoes.gov.bo. The qualifying procedure and the awarding decision are entirely in the hands of the chief executive officer of the public entity involved. Domestic goods and services receive a 10 to 15 percent preference, depending on the bid, to encourage local industrial development. Both the price and the quality of the product/service will be considered when awarding the contract.

In cases involving World Bank or Inter-American Development Bank (IDB) projects, bids follow additional specific rules of those institutions.

Protecting Against IPR Infringement

A foreign company wishing to protect its product, trademark or name in Bolivia must first register with the National Industrial Property Service (SENAPI). Protection of intellectual property rights (IPR) in Bolivia falls well short of U.S. and international standards. IPR enforcement is inconsistent at best. (See chapter 7.)

Need for a Local Attorney

You will need a local attorney to establish a company in Bolivia or to register a brand name with SENAPI. Local legal counsel is always highly recommended when doing business in Bolivia. A complete list of patent and commercial attorneys, as well as of general practice attorneys, is available in the Commercial Library of the U.S. Embassy in La Paz and on the Embassy website at http://bolivia.usembassy.gov/english/consular/attorney.htm

Performing Due Diligence/Checking Bona Fides

The Embassy recommends that U.S. businesses considering exporting to or investing in Bolivia investigate potential clients, associates or partners. The U.S. Commercial Service offers International Company Profiles (ICP) that may help companies confirm the reliability of potential clients or partners. The ICP report includes information on the company's owners, year established, size, sales, financial information and reputation in the market. Please contact the Embassy in La Paz for more information.

5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENTS

Best Prospects Non-Agricultural Goods and Services

Hydrocarbons Sector

Bolivia's natural gas reserves have increased more than ten-fold in the last eight years to 52.4 trillion cubic feet (TCF), the second largest in South America. In addition, there are more than 477 million barrels of crude oil in proven reserves. Increased activity in the hydrocarbons sector is due to three principal events: passage of progressive hydrocarbons legislation in 1996; the capitalization (privatization) of Yacimientos Petrolíferos Fiscales Bolivianos (YPFB), the state-run hydrocarbons company; and, completion of the Bolivia-Brazil pipeline in 1999. Under the current law, YPFB enters into joint venture ("shared risk") contracts for a limited period of time (usually 40 years) with private companies. YPFB also administers a General Sales Agreement (GSA) with Brazil's state-run oil company Petrobras, which calls for the sale of 7.3 TCF to Brazil through 2019. That contract, which is administered under terms set forth in a bilateral treaty, is currently open for renegotiation.

Since 2002, little discussion about hydrocarbons in Bolivia has focused on economic or market realities. Instead, investors must understand that emotion and politics both pervade discussions about natural gas. President Carlos Mesa and Congress have both separately vowed to change the hydrocarbons law to take back State ownership of natural resources and elicit greater revenues from the private sector. Investors should be wary of signing new hydrocarbons-related contracts while discussion of a new law is ongoing. In a best-case scenario, the economics of any project will be affected by a new Complementary Tax on Hydrocarbons (ICH); or, in a worst-case scenario, hydrocarbons development will be stunted or stopped in Bolivia because of arbitration claims related to the infringement of free commercialization, expropriation through taxation, and/or forced migration of contracts.

The discovery of massive natural gas reserves in a country with very little consumption has led to several interesting projects in development aimed at monetizing Bolivian gas. Among these are:

- Liquefied Natural Gas (LNG)
  A number of companies have investigated the possibility of exporting liquefied natural gas (LNG) via a Pacific port to southern California and/or Mexico. The USD 5 billion Pacific Liquefied Natural Gas (PLNG) project was stopped, however, because of social concerns about an export route through Bolivia's historical rival, Chile. As of December 2004, the Bolivian Government is pursuing the development of gas export projects through Peru, though increased transportation costs and unsure markets at this point make any Peruvian export route seemingly unviable.

- Gas-to-liquids (GTL)
  Several foreign companies have expressed interest in deploying gas-to-liquids technologies to produce synthetic diesel fuel. Proposals range from a 10,000 barrel per day (bpd) plant to feed domestic demand to 50,000-100,000 bpd plants for export. Bolivian gas is uniquely suited to GTL applications due its extremely low sulfur content.

- Petrochemicals
  Brazilian oil company Petrobras has been studying the possibility of a USD 1.4 billion petrochemicals plant in Bolivia. If built, the plant would have the capacity to produce 100,000 tons of polyethylene for the Bolivian market and 500,000 tons for export to Brazil.

- Fertilizers
  Two groups are considering the construction of a Urea fertilizer plant on the Bolivia-Brazil border. Brazil and Bolivia are potential markets for such fertilizers.

- Exploration/Drilling/Production
  If markets were found and political problems overcome, exploration and drilling for natural gas could continue to be an important part of the Bolivian economy. At this time, however, many services companies have departed Bolivia because of minimal demand for pipeline and drilling services. We do not expect demand for these services to rebound in the short-term.

Mining Sector

Mining remains one of Bolivia's most important sectors for development. It is estimated that, despite over 500 years of work in the sector, only 10 percent of Bolivia's mineral resources have been exploited. The principal metals and industrial minerals are: gold, silver, nickel, antimony, copper, zinc, lead, tin, sulfur, potassium, lithium, borax and semi-precious stones. Mining generates approximately one-fourth of Bolivia's foreign exchange (USD 333.19 million in 2004), and multiple U.S. companies are either engaged in or contemplating major projects to exploit recently discovered silver, gold and zinc deposits.

The mining industry was dominated by the state for hundreds of years until the sector was opened to private investment starting in the 1980s. Lands previously held by the Bolivian Mining Corporation (COMIBOL) are open to joint venture contracts with private companies. In response to an international mining scandal, the Government of Bolivia passed Law 2400 in July 2002. This law states that judicial intervention is permitted in joint venture contracts in cases involving "bankruptcy, fraudulent bankruptcy, incompetence, or non-compliance with a contract."

Historically, the Government was the main buyer of mining equipment. Today, the private sector buys virtually all imports of mining equipment. The best immediate sales prospects for mining equipment are in supplying the needs of medium-sized open pit mines and heap leaching operations and small-/medium-sized alluvial gold mining cooperatives. For medium-sized open pit operations, the best prospects include drills used in open pit production, crushers and pulverizers, conveyors, compressors, front-loaders, bulldozers, 15- to 30-ton heavy-duty trucks, gravimetric or flotation concentrators and pumps. In the small-scale sector, the best prospects include small jack-leg drills, front-loaders, crushers, concentration tables, flotation concentrators, hand tools and explosives.

New developments – particularly in southern Potosí – are promising and could lead to significant new imports of mining equipment. With the recovery of mineral prices (especially tin, gold and silver) in 2004, mining projects that had been put on hold – valued at approximately USD 651 million in total – will move forward more quickly.

The Commercial Office published its Mining Industry Sector Analysis in 2004. The report lists best prospect project and is available to the public via the State Department, Commerce Department and on the Embassy's webpage at http://www.megalink.com/usemblapaz/english/engindex.htm

Textiles

The textile industry is quickly becoming an important component of total Bolivian exports and could continue to grow significantly in the next few years if preferential tariff treatment that was granted to textiles under the Andean Trade Program and Drug Eradication Act (ATPDEA) in August 2002 is continued. Under the program, apparel made from regional fabric may enter duty-free to the United States, subject to a cap of 2 percent of the volume of apparel imports into the United States. Products made from alpaca, vicuña, and llama are also exempted. ATPDEA lowers the prices of Bolivian textile products in the U.S. market by 17 to 20 percent.

A combination of high quality raw materials – such as cotton, alpaca, angora and llama fiber – coupled with low labor costs, have made Bolivian textile products competitive in the international market. As this sector continues to develop, there are sales prospects for laundry, stamping, transfer and packaging machinery; synthetic fibers and threads and decorative accessories; laboratory and packaging supplies; and, equipment and design software.

Forestry and wood manufacturing

Forests cover half of Bolivia. Of the 53 million hectares of forest, 32 million hectares are set as permanent forest production, but only 7.9 million hectares are managed in a sustainable manner under forest concessions. An estimated 1.2 million hectares in new concessions is expected by the end of 2005. Bolivia is the world leader in sustainable forest management, with 2 million hectares of certified and managed tropical forest.

Bolivia has more than 200 varieties of wood, 172 of which are considered fine or exotic, such as moradillo, rosewood and jacaranda. Mahogany represents 77 percent of total wood production, followed by oak at 8 percent. As mahogany is not sustainable, the government, with the assistance of USAID, is looking into other woods that might be better exploited.

Wood exports have grown in recent years and currently consist mainly of furniture and value-added parts and pieces made of wood, rather than sawn timber. Bolivian producers have a great deal of experience in finished products made of mahogany. In recent years, the wood industry has introduced new technology into the sawing and drying processes by acquiring modern equipment, machinery and techniques.

6. TRADE REGULATIONS AND STANDARDS

Trade Barriers, Including Tariffs and Import Taxes

The following list describes the charges imposed on imports in Bolivia, including tariffs, domestic taxes and customs fees. Bolivian import charges, including domestic taxes (most of which are creditable) and fees, range from 30 – 45 percent, making the effective cost of imports considerably higher than the stated zero to 10 percent tariff.

The various components of the landed cost of an import to Bolivia include:

1. Cost, Insurance and Freight (CIF): the value at the border of the imported product.

2. Inspection Company Fees: Effective July 1, 2003, the Bolivian Customs Office (Aduana Nacional de Bolivia) is in charge of all verifications at point of destination according to guidelines of the World Trade Organization (WTO). There is no cost for this verification. Point of origin verifications are no longer required by the Bolivian Government.

3. Custom Tariff: A 10 percent flat rate is applied to CIF unless the product is classified as a "capital good," in which case the rate is 0 percent or 5 percent; books and publications do not pay taxes. On March 23, 2001, the Government of Bolivia (GOB) implemented a new customs regulation (Supreme Decree 26110), under which all turnkey imports of equipment and machinery from countries outside the Andean region have zero duty.

4. Custom Warehouse Fee: Customs warehouses are privately owned. Rates vary depending on volume.

5. Internal Revenue Service Fees: The value-added tax (IVA) is 13 percent; added customs fees bring the effective rate to 14.94 percent, which is charged on the accumulated base (items 1+2+3+4+7+8+9). This tax can later be offset against the importer's value-added tax liability upon resale. (See example under Customs Valuation).

6. Specific Consumption Tax (ICE): The ICE is charged at an additional percentage rate on the accumulated base (items 1+2+3+4+7+8+9) if the product is defined as a "luxury good." This affects such product lines as automobiles, perfumes, cosmetics, liquors, cigarettes and beer. Tax rates may be obtained at www.sidunea.aduana.gov.bo.

7. Customs Forms and Fees: There are no customs fees related to forms. The new customs entry procedures and payment of duties are performed via the Automated System Customs Data (ASYCUDA), which allows brokers and exporters to submit via Internet the customs declaration. This cost of this service is USD 1.50.

8. Customs Broker Charges: The following approximate rates are applied to CIF for land cargo and CIF airport value for air cargo, as customs broker fees:

From USD:

1	to	10,000	2.00 percent
10,001	to	20,000	1.50 percent
20,001	to	30,000	1.25 percent
30,001	to	50,000	1.00 percent
50,001	to	100,0000	0.75 percent
100,001	and above		0.50 percent

In addition, customs brokers charge 17.65 percent on the value of their total bill to cover their own IVA tax liability.

9. Trade and Industry Associations: Groups such as the Chambers of Commerce, Industry and Construction charge an additional fee of between 0.03 and 0.04 percent of CIF.

Customs Valuation

The Bolivian Customs Authority has been reformed and modernized over the last several years, with help from international donors. As a result, customs procedures are almost completely automated. Local customs tariff rates may be found at the following website: www.sidunea.aduana.gov.bo.

The following is a practical example of how Bolivia import charges are imposed on an automobile with a FOB price of USD 9,000 and a CIF border value of USD 10,000:

Structure of Import Charges	
CIF border value	USD 10,000.00
Custom Tariff = 10 percent of USD 10,000	USD 1,000.00
Customs Warehouse = 0.5 percent of USD 10,000	USD 50.00
Specific Consumption Tax (ICE), gasoline 21 percent of 10,338.30	USD 2,171.04
Value Added Tax (VAT - 13.33 percent) plus fees = 14.94 percent of USD 10,338.30 ($10000+$1000+ $50+$50+$200+$35.30+$3)	USD 1,544.54
Customs forms	USD 50.00
Customs broker fee = 2 percent of USD 10,000	USD 200.00
Customs broker charge = 17.65 percent of USD 200	USD 35.30
Specific chambers = .03 percent of USD 10,000	USD 30.00
Total tariff, taxes and fees to release a car from Customs	USD 5,080.88 (or 51 percent of CIF value)

The USD 1,719.75 in VAT paid by the importer reduces the importer's tax liability when the car is resold. Subtracting that amount means the actual import tariff and fees amount to USD 3,928.43 or 39.28 percent of the CIF value.

The Economic/Commercial Section of the U.S. Embassy in La Paz can provide a list of reliable customs brokers who can handle the related paperwork.

Import Licenses

Products requiring import licenses are firearms, munitions and explosives imported by private persons and chemical precursors that can be used for cocaine production. A complete list of these products may be found at www.sidunea.aduana.gov.bo.

Import/Export Documentation Requirements

The following documents are required for imports:

1. Document Description Form (Form 135)
2. Invoice
3. Bill of Lading (when applicable)
4. Proof of insurance
5. Certificate of inspection done prior to shipment (when applicable)
6. Port expenditures (when applicable)
7. Transportation invoice
8. Packing list
9. Certificate of origin (when applicable)
10. Other certificates (when applicable)

If the product is imported from the Andean Community (Colombia, Venezuela, Peru and Ecuador), a certificate of origin is required to qualify for tariff preferences.

Temporary Entry

Legally established companies in Bolivia can be incorporated into the Temporary Importation for Exports Regime (RITEX) that allows the entry without import tariffs of raw materials and intermediate goods to Bolivia for their exclusive use in manufacturing processes that make products for export.

The requirements to have access to this regime are the following:

1. Registration number of the commerce register issued by the National Commerce Registration Service (SENAREC)
2. RUC or NIT (taxpayer identification number)
3. RUE (exporter identification number)
4. Original fiscal solvency certificate, emitted by the General Controller of the Republic
5. Maximum percentage of raw materials and temporarily admitted food leftovers and waste
6. Technical coefficients specifications, granted through experts reports
7. Warehouses and/or processing units location

Labeling Requirements

Labeling requirements for food products were established in 2003 (Supreme Decree 26510). Although products normally retain their original labels, complementary labeling showing the importer or distributor's taxpayer identification number (RUC or NIT), sanitary registration number from SENASAG and translation of ingredients into the Spanish language is now required.

Standards

The Government has no specific standards required for imports. The National Certification and Standardization Organization (IBNORCA) is in charge of developing Bolivian product standards. In the near future, products for the use of the oil and gas industry will have to comply with certain standard requirements.

Military and Other Restricted Material

A ministerial resolution from the National Defense Ministry is required to import the following: firearms, munitions, explosives, chemical precursors (which could be used for cocaine production), and other chemical products. Importing firms must be registered at the Ministry of Defense.

Imports of Insecticide Products

There is no production of insecticides in Bolivia; all are imported. Major suppliers of insecticides are Argentina, Brazil, Colombia, France and the United States. Bolivia's most developed agroindustry area is located in Santa Cruz (eastern region). Prior to import or sale, all insecticide products must have a sale permit certificate granted by Bolivia's National Service for Food Safety and Security (SENASAG) Pest and Fertilizer Division and a sanitary certificate, approved by the National Institute of Occupational Health. Both certificates will allow foreign insecticides to be freely sold in the local market.

Import Requirements and Restrictions For Tobacco and Tobacco Products

Bolivia does not impose any restrictions for the importation of tobacco and tobacco products. However, an import license is required from the Ministry of Health and the SENASAG. The import permit must be obtained prior to shipping. Tobacco and tobacco products are also considered luxury items, which means the specific consumption tax (ICE) is applied as well as an additional import tax of 50 percent *ad valorem*.

Import Regulations for Used/Refurbished Medical Equipment

The Government of Bolivia does not impose restrictions on the importation of any kind of used/refurbished equipment into Bolivia. All imports of used equipment are treated the same as new.

Products pay the respective customs tariff, as if new, which is 10 percent of the CIF price, plus other taxes and duties, which amounts to about 28 percent of the CIF value. Products that are classified as a "capital good" pay a duty rate of only 5 percent. While most industrial equipment falls into this category, medical equipment does not.

The market for used medical equipment has always been open for U.S. products. In fact, a number of small businesses are looking for suppliers of used/refurbished equipment because they find U.S products more attractive for reasons of quality, easy access to spare parts and quick maintenance if required.

Public health institutions can buy used or refurbished medical devices. To do so, they normally call for public bids with a deadline of 30 to 45 days to present proposals. Consequently, it is advantageous for U.S. companies to have a local representative to keep them abreast of new projects in the public sector.

Specific requests for used/refurbished medical equipment, including medical diagnostic systems, optical instruments, anesthesia apparatus, operating room furniture, patient room furniture, other hospital furniture, and surgical instruments and apparatus.

Used Clothing

As of January 2004 (Supreme Decree 27340) imports of used clothes, accessories, textiles and toys are subject to competitive quotas regulated by the Ministry of Health and Sports. This merchandise must possess Sanitary Disinfection Certificates both from the point of origin and destination. The Ministry of Health and Sports reserves the rights to sanitary controls of imported merchandise. There is a total prohibition for the importation of used hats, bed sheets, pillowcases, shoes, underwear, bathing suits, lingerie, and deteriorated and/or stained merchandise.

Other Used/Refurbished Products

There are no other special non-tariff requirements that affect the import of used goods. The import of “transformed” cars (modified to make them left-hand drive) from Japan and other right-hand drive countries was banned as of 1998.

Import Regulations In Bolivia Concerning Seeds Either Treated Or Non-Treated

All products or sub-products of vegetable origin must obtain a certificate granted by the National Service for Food Safety and Security (SENASAG). The imported seed must, whatever the variety, have a phytosanitary certificate issued by the agricultural authorities of the country of origin. The Bolivian importer must present the phytosanitary certificate of the country of origin, certified by a Bolivian Consulate. This certificate must be presented to Customs authorities at the port of entry. The importer must inform Customs authorities of the arrival date of the seeds at least one week in advance. The seeds must be placed in an adequate warehouse for inspection by Bolivian agricultural authorities. The inspection must take place before the seeds are sold or used directly by the importer. The seeds must comply with the required quality and phytosanitary requirements of the National Seed Program and SENASAG, respectively, before the seeds can be marketed.

Bolivian Registration Requirements for Pharmaceuticals

The Bolivian pharmaceutical market is open to imports and domestic production. All pharmaceutical product importers must have a working license issued by the Ministry of Health and Sports (approximate cost USD 1,250). Products must be approved under

World Health Organization (WHO) guidelines and registered with the Ministry of Health and Sports. However, prior to fabrication, importation, exportation, or sale and marketing locally, all pharmaceutical products, both generic and brand name, including over-the-counter drugs, must have a sanitary registration, as established by Pharmaceutical Law 1737 and its regulations. Also, pharmaceutical products must be approved by the National Pharmacology Directorate (UNIMED), part of the Ministry of Health and Sports. UNIMED will grant a sale permit certificate to foreign products that are FDA approved in the U.S. We recommend including FDA permission, if available, in the application package.

The Pharmacology Directorate requires a detailed description (monograph copy) for each new product, except for essential pharmaceutical products. This monograph must include the quantitative formula specifying active ingredients, pharmaceutical formula, recommended dosage, expected product benefits and possible side effects. Three samples of the product, as sold to the public, must be provided so the National Laboratory (INLASA) can verify its contents. The Directorate requires that products comply with regulations of the World Health Organization and the Pan-American Health Organization.

The Directorate takes an average 6 to 12 months to review new products and only one month for essential products. Its full address is as follows:

Ministerio de Salud y Deportes
Direccion Nacional de Medicamentos
Capitan Ravelo 2199
La Paz
Contact: Dra. Victoria de Urioste
Tel/Fax: (591-2) 244-0122
Website: www.sns.gov.bo

If the product contains drugs that are covered by the Vienna Convention, a special import permit must be obtained from the Ministry of Health. An imported product can be sold via established agents or distributors or through a subsidiary. It is easier to market the product through an agent or representative because they normally have easier access to the Directorate for Registration. If registration is done by an agent or representative, it is mandated by law that they have the exclusive right to import and they become the legal representative in Bolivia.

In order to import, produce or distribute pharmaceuticals, the company must also be registered with the Secretariat of Health. Registration fees are approximately USD 200 for manufacturers and importers and USD 138 for distributors. This registration process takes from 10 days to one month after the subsidiary has been established.

Brand names must also be registered with the National Intellectual Property Service (SENAPI) at the following address:

Servicio Nacional de Propiedad Intelectual
Av. Camacho esq. Bueno, No. 1488
La Paz
Director: Perla Koziner Urquieta
Tel/Fax: (591-2) 237-2047
E-mail: senapi@ceibo.entelnet.bo
Website: www.senapi.gov.bo

US firms should note that Bolivia does not currently have a law prohibiting copycat registration of pharmaceutical products. As such, firms may experience difficulties protecting their intellectual property rights on these products and cannot expect chemical information to be kept confidential.

Import Requirements for Fishery Products

A sanitary health certificate is required for imports of perishable products, such as seafood products. There are other technical requirements, such as product specification standards and labeling and marking standards. The competent authority in Bolivia to contact for public health concerns of imported fishery products is:

Ministerio de Asuntos Campesinos, y Agropecuarios
Dirección General de Agropecuaria y Seguridad Alimentaría
Contact: Ing. Alejandro Urioste
Rosendo Gutierrez 1061
La Paz
Tel: (591-2) 242-2251 or 241-3659
E-mail: alejandro.urioste@maca.gov.bo

Current sanitary importation regulations for fishery products are available from the following office divisions of the above Ministry:

Servicio Nacional de Sanidad Agropecuaria e Inocuidad Alimentaria (SENASAG)
Trinidad
Contact: Dr. Alan Bojanic
Tel: (591-3) 462-8107
Fax: (591-3) 465-2177
E-mail: senasagdir@hotmail.com

La Paz
Contact: Gimmer Ledezma
Tel/Fax: (591-2) 222-5698

Duties/Taxes and Customs Procedures for Information Technology Products

Any information technology product in Bolivia has a flat tariff rate of 10 percent *ad valorem*; however, VAT taxes and other fees increase the value of the total duty to 28 percent of the total value of the product. Whether a personal computer is purchased as a system or as individual components, duties/taxes are assessed the same for both.

Business travelers may bring a portable computer into Bolivia as a tool of trade without payment of duties or taxes, and the computer may contain encrypted software. This item must be declared in the Customs Form submitted to Customs upon arrival to the country.

Duties and taxes on software are assessed on the commercial invoice.

If updates are sent at a later date, duty and taxes must be paid by the purchaser based on the price of the updates only. Consequently, only the price of the update should be shown in the commercial invoice. Duties and taxes are levied on the *ad valorem* price. No withholding or other taxes are applied on software licenses. Services related to the sale of software are taxed at 16 percent value added tax and 3 percent transaction tax making a total of 19 percent on the total import.

U.S. information technology providers are permitted to send personnel into Bolivia to set up hardware/software related items. No special work visas or professional certifications are required if the stay in Bolivia will not exceed three months.

No import duties and taxes are applied to software delivered to the end-user over the Internet.

If software is sent to a distributor, duties and taxes must be applied. This generally makes the product more expensive because the distributor's commission will be included in the price. Duties and taxes will then be applied on the combination of the medium and the intellectual property.

Customs Procedures

The tangible importation of software requires documentation as follows: (1) commercial invoice and (2) freight and insurance costs. No document requirements apply to the import of digital products over the Internet.

The importation of remanufactured parts for photocopiers, fax machines, laser printers and toner cartridges is permitted. When any of the above is refurbished, it requires a special label stating that the equipment has been refurbished. The real value should be shown in the invoice, and duties and taxes are assessed on the *ad valorem* price.

Duties and taxes on the re-import of repaired computer equipment are assessed on the repair or refurbished price. The commercial invoice should show only the repair or refurbished price.

Export Controls

To become a legal exporter from Bolivia, a person must register in the "Sistema de Ventanilla Unica de Exportación" (SIVEX) offices within the Viceministry of Industry, Commerce and exports. Once the exports take place, the exporter will be able to request that taxes and tariffs related to the production of exported merchandise be refunded by this office.

In order to export, the exporter must first present the following documents: a commercial invoice and a packing list. Next, Customs issues an exporter's bond. If the exported product is animal or vegetable, a sanitary certificate must be obtained from the Vice Ministry of Agriculture and Livestock.

SIVEX then grants the certificate of origin, which makes the exporter eligible for duty-free treatment in countries offering Bolivia duty-free benefits.

Special Documentation

Sanitary and Purity Certificates for Livestock and Plants

Certificates of origin indicating the livestock's state of health are required for the import of live animals. Purebred livestock imported for breeding purposes also require a pedigree certificate.

Live plants and all seeds require sanitary certificates.

Certificate of Analysis for Pharmaceutical Products

Pharmaceuticals are subject to strict quality control regulations. A certificate of analysis in Spanish, which may be issued by a reliable manufacturer, must accompany imports. This certificate must include expiration dates. The FDA certificate fulfills the requirements of Bolivian authorities.

Product Labels for Pharmaceutical Products

Labels on pharmaceutical products should be in Spanish. In addition, pharmaceuticals must be registered with the Vice Ministry of Health before they are imported.

Sale Permit Certificate for Insecticides

Prior to import or sale, the Viceministry of Agriculture and Livestock (VMAG) must approve all insecticides. The VMAG will issue a sale permit certificate for products previously approved in their country of origin.

Sanitary Certificate for Food Products

Food shipments require a sanitary certificate issued by the pertinent authority of the exporting country – e.g., from the U.S. Department of Agriculture (USDA). Foodstuffs may be subject to analysis by an official entity in Bolivia, and most food and beverage labels must be registered in Bolivia. Exporters are encouraged to check with importers regarding relevant policies prior to shipment.

For specific information regarding existing foreign agricultural standards and testing, packaging, and certification systems, please contact:

Technical Office for International Trade
U.S. Department of Agriculture
Building 1072, Barc-East
Beltsville, MD 20705
Tel: (301) 344-2651
Website: www.usda.gov

For more information on procedures relating to animals and plants, and their by-products, please contact:

Animal and Plant Health Inspection Service (APHIS)
U.S. Department of Agriculture
6505 Beltcrest Road
Hyattsville, MD 20782
Tel: (301) 734-8073 (Emergency Services)
Tel: (301) 734-8097 (Veterinary Services)
Tel: (301) 734-8447 (Plant Inspection)
Website: www.aphis.usda.gov

APHIS maintains a service office at the U.S. Embassy in Santiago, Chile.
Tel: (56-2) 330-3480 or 330-3490
Fax: (56-2) 335-6440

Air Cargo

Air cargo shipments require airway bills instead of bills of lading. Follow IATA or ICAO rules governing labeling and packaging of dangerous and restricted goods. Check with your air carrier for further information and the appropriate forms.

Parcel Post

An authorized customs broker must intervene for parcel post shipments valued at over USD 100. A private person may receive parcel post valued up to USD 100 without the intervention of a customs broker just by filling out a customs form at the post office.

Entry and Warehousing

Bolivia is a landlocked country that uses ports of entry in Chile, Peru, Brazil, Argentina, Paraguay and Uruguay (by river) through free transit agreements with these countries. Arica (Chile) is generally considered to be the best port of entry. Other main ports include Antofagasta and Iquique (Chile); Matarani and Ilo (Peru); Santos (Brazil); and Rosario (Argentina). Bolivian customs maintains warehousing facilities in each of these ports, where incoming goods may be stored for 90 days. The charge for customs storage is 0.5 percent of CIF for each 30-day period or fraction thereof. Once clearing documents are signed, goods must be removed from storage within eight days to avoid an additional charge of 2 percent of CIF.

Imported merchandise may be considered abandoned either by an explicit request or by failure to claim it within the required 90 days. By law such goods are subject to public auction, the proceeds of which go to the interested party after expenses are deducted.

If importers wish to remove their merchandise after the 90-day period but before the auction takes place, they must pay a 5 percent charge over the customs tariff plus 2 percent of CIF. Due to the expense and time involved in reshipment, U.S. exporters usually prefer to sell these goods in Bolivia.

Prohibited Imports

Prohibited items for import include:

1. Firearms and other weapons without special permission from the Ministry of Defense;
2. Pharmaceuticals and drugs not registered in the country;
3. Spoiled or adulterated beverages and food products, or products that contain noxious substances;
4. Selected liquors, such as pisco and similar products;
5. Diseased animals;
6. Plants, fruits, seeds and other vegetables that contain parasites and germs or plants that are declared harmful by the Vice Ministry of Agriculture;
7. Foreign lottery bills;
8. Advertisements imitating money or bank certificates, postage stamps and other government-valued papers;
9. Pornographic books, booklets, paintings, engravings, figures and other obscene objects;
10. Roulette machines and devices used for gambling;
11. Merchandise with the same registered trademark as a product made in Bolivia;
12. Used clothing without a sanitary certificate from the country of origin (except in personal baggage);
13. Used hats, shoes and lingerie (except in personal baggage);
14. Vicuña skins, hair and products; and
15. Certain chemical products without the proper import permit.

Free Trade Zones/Warehouses

Bolivia has established nine Free Trade Zones (FTZ), six of which are now in full operation:

1. El Alto (serving La Paz)
2. Puerto Aguirre (near Puerto Suarez, on the border with Brazil)
3. Cochabamba
4. Santa Cruz
5. Oruro
6. Desaguadero (near La Paz, on the border with Peru)

Two others – in San Matias in the Department of Santa Cruz and Guayaramerin in the Department of Beni – are not yet fully operational. Another in operation – Cobija, in northern Bolivia – has not proven to be attractive to investors because of the lack of roads and other basic infrastructure.

Bolivian FTZs are regulated by the National Council of Free Trade Zones (CONZOF), which was created by the 1990 Investment Law. FTZs are operated by private companies selected by the Government through public bids. There are special procedures that must be followed to obtain approval to operate in these zones. Export processing zones have up to 180 days duty-free treatment (RITEX) to assemble kits and produce parts for re-export.

Special Import Provisions

Samples and advertising materials are usually subject to regular duty rates, except those articles specifically prepared as samples – for example, shoes cut in half, small patches of fabric and pharmaceutical products and liquors contained in small bottles clearly marked "free sample" ("muestra gratuita"). If commercial samples do not exceed USD 25 in value, they do not require commercial invoices.

Duty Exemptions and Reductions

Either exemptions or reductions in duties are permitted for:

- Imports made under current international agreements and government contracts;
- Imports under intra-regional agreements that specifically provide for duty exemptions;
- Imports made by the diplomatic and consular corps;
- Travelers' personal effects not exceeding USD 300; and,
- Imports of gold, except jewelry.

Membership in Free Trade Arrangements

Bolivia signed a Free Trade Agreement (FTA) with MERCOSUR (Brazil, Argentina, Paraguay, Uruguay and Chile), which became effective on March 1, 1997. Under the Agreement, Bolivia became an associate member of MERCOSUR. In March 1997 more than 30 percent of all products traded between Bolivia and the four full MERCOSUR members became tariff-free, and the vast majority of the remainder will enjoy zero tariffs after ten years. (Some sensitive products will not become tariff free for up to 18 years.)

Bolivia is also a member of the Andean Community (with Colombia, Venezuela, Ecuador and Peru), which has reduced significantly most internal trade barriers. Bolivia has signed Bilateral Trade Agreements with some South American countries that eliminate or reduce tariffs on explicit lists of products. Bolivia signed a free trade agreement with Mexico in September 1994. The European Union, Japan and the United States allow most Bolivian exports to enter their markets at either duty-free or reduced duty rates. Bolivia may begin negotiations with the U.S. in 2005 to participate in the Andean FTA. Bolivia acceded to GATT in 1989 and ratified its membership in September 1990. The Bolivian Congress subsequently ratified Bolivia's membership in the World Trade Organization (WTO) in 1995.

7. INVESTMENT CLIMATE

After macroeconomic stability was achieved in 1986, five successive Bolivian governments avidly sought to attract foreign investors to speed the country's economic development. These governments were aware that large infusions of Foreign Direct Investment (FDI) were necessary – but not sufficient – for Bolivia to achieve per capita income growth. The capitalization program (Bolivia's version of privatization) was the centerpiece of the investment strategy. In the past few years though, certain social groups have convinced the government to review contracts with foreign investors. In response, the Mesa administration has promised to keep a close eye on foreign investors. The aforementioned civil society groups specifically want the government to induce foreign and large domestic investors to pay more to the state and to contribute more to social development, as many in the Bolivian population have not seen or felt the effects of large investment in the country.

In the past year, however, the progress made to attract FDI – as successive governments have passed laws that set clear "rules of the game" governing private investment of all types across sectors – has been jeopardized. What was previously considered a safe, secure country in which to invest has morphed into a den of uncertainty. After the October 2003 "Gas War" (see chapter 3), political pressure led to President Carlos Mesa's promise to change the 1996 hydrocarbons Law. On July 18, 2004, in a national referendum, Bolivians overwhelmingly voted to abolish the current hydrocarbon law and establish a new law that elicits greater revenues and take back State control of hydrocarbons activities. As of December 2004, negotiations in Congress continue to make that promise a reality, with many investors worried about the confiscatory direction in which the bill is heading.

Laws Governing Foreign Investment

Foreign ownership is allowed virtually throughout the economy, with no requirement to register foreign direct investment separately. The Bolivian Constitution restricts investments by foreigners in operations along the border areas, unless the investment or project is declared of national interest. Foreign investment is neither screened nor officially treated in a discriminatory manner. There are no registration requirements for foreign direct investors in Bolivia or any special incentives for domestic or foreign investment. That said, investments often do not receive the full protection offered by law due to sometimes inconsistent and arbitrary decisions by regulators, an easily corrupted and influenced justice system that can deny legal due process, and arbitrarily unfavorable interpretations of laws and regulations by government officials.

The Investment Law (Law 1182, 1990) guarantees that foreign investors will receive national treatment, have access to free currency conversion, enjoy unrestricted remittances, and the right to international arbitration in most industries.

Laws governing activities in the mining (Law 1777, 1997) and hydrocarbon (Law 1689, 1996) sectors authorized joint ventures with state-owned corporations and modified the tax system to allow foreign firms paying taxes in Bolivia to obtain foreign tax credits in their home countries. The Mining Law also allows foreign firms to operate within 50 kilometers of international borders through joint ventures or service contracts with the Bolivian Mining Corporation (COMIBOL), with the exception of firms that are residents of the country adjacent to the affected border. The Hydrocarbons Law allows settlement of disputes through arbitration. The Arbitration and Conciliation Law (Law 1770, 1997) provided procedures and enforcement mechanisms for international arbitration.

The Banking Law (Law 1488, 1993) established regulations for new activities such as leasing and foreign currency hedging. It also authorized banks to maintain accounts in foreign currencies, clearly a response to popular activity, as over 92 percent of all deposits in the Bolivian banking system are denominated in U.S. dollars (as of end 2003) or held in accounts linked to the exchange rate with the dollar. The Banking Law also clarified the roles of the Central Bank and the Superintendent of Banks and redefined capital and reserve requirements.

Bolivia has no laws that directly regulate competition, such as anti-trust laws in the United States. Instead, articles regulating unfair competition are scattered throughout the country's laws governing activity in specific economic sectors

The Government of Bolivia created the Sectoral Regulatory System (SIRESE) to balance the potential market power of monopolies. SIRESE is an autonomous regulatory body made up of a General Superintendent and five Superintendents, who regulate many aspects of business in the telecommunications, electricity, transport, hydrocarbons and water sectors. Prices of most public utilities are reviewed and approved by the respective Superintendent. Market forces largely set prices, though where necessary a regulated price is established through relatively transparent procedures and formulas. The exception to this is potable water and garbage collection, where municipalities set the local rates.

Most hydrocarbons exploration activity is carried out via joint venture contracts administered by Yacimientos Petroliferos Fiscales Bolivianos (YPFB), formerly the Bolivian state hydrocarbons company. This could change with passage of a new hydrocarbons law. Although most of the mines currently owned by the state-run Bolivian Mining Corporation (COMIBOL) cannot be purchased outright, as stipulated by the Bolivian Constitution, they can be operated by private operators in a joint venture or under a leasing contract with COMIBOL.

The Agrarian Law (Law 1715, 1996) set out the rights and obligations associated with land ownership; incorporated the concept of sustainable development; established a new institutional framework for the development of land use; and created an independent Agrarian Superintendent to administer the law's provisions. A definitive registry of land titles – essential to the provision of credit – continues to be compiled, albeit slowly.

Foreign firms are able to participate in government research programs, although few if any programs exist. Work permit, visa and residence requirements are non-discriminatory.

The government sets a minimum monthly wage each year, currently about USD 55 per month, although nearly all workers in the formal private sector earn more than the minimum wage. On average, urban factory workers earn the equivalent of USD 100 per month plus benefits.

Although some bureaucratic procedures have been reduced, plenty of red tape and archaic procedures remain at all levels of the Bolivian Government. The last few administrations worked to “de-bureaucratize” the government, with modest success at best. Public sector corruption also remains a major challenge, with firms sometimes asked for bribes by public officials to speed up bureaucratic procedures or to avoid unpleasant, adverse actions.

Conversion and Transfer Policies

There is free currency conversion at local banks and exchange houses. The official exchange rate is set by a daily auction of dollars managed by the Central Bank. The Central Bank offers a given amount of U.S. dollars each day but sets an undisclosed minimum floor price. Since 1985, the Central Bank has managed a steady depreciation of the local currency, the Boliviano, in line with the rate of inflation and competitive devaluations of trade partners. The parallel rate has tracked the official rate closely, suggesting that the market finds the Central Bank’s policy acceptable. Over the last few years, the Central Bank has tried to further encourage greater use of domestic currency in the banking system, with only limited success. Nevertheless, there are no restrictions on any kind of remittances or currency transfers.

Expropriation and Compensation

Article 22 of the Bolivian Constitution provides that property may be expropriated for the public good or when the property does not fulfill a “social purpose.” It also stipulates that just compensation must be provided. The Mining and Hydrocarbons Laws provide the means to expropriate land needed to develop the underlying concession.

A significant State expropriation in Bolivia occurred in 1969, when the Government nationalized petroleum concessions granted to the local branch of Gulf Oil. Although the compensation agreement allowed for a 30-year payment period, the entire compensation due to Gulf Oil was paid off in seven years.

An additional incident occurred in 2000 when the Bolivian Government canceled a water concession in the city of Cochabamba, an action that meets the definition of an expropriation. In 1997, the Government issued an international bidding process to call for tenders to privatize Cochabamba’s water company (SEMAPA). Although the concession contract was awarded in April 1999 to Aguas del Tunari (an international consortium lead by International Water Limited/Bechtel), the water regulator revoked the contract after violent protests in Cochabamba in March and April of 2000. In early 2002, Bechtel and the Government of Bolivia submitted the case to the International Center for Settlement of Investment Disputes (ICSID) in New York, where arbitration procedures were filed. As of December 2004, both parties remain in talks aimed at reaching a settlement.

Dispute Settlement

Property and contractual rights may be enforced in Bolivian courts, but the legal process is time-consuming at best and at worst subject to political influences and pervasive corruption. For that reason, the National Chamber of Commerce – with assistance from USAID – has established a local Arbitration Tribunal. The Investment Law provides that investors may submit their differences to arbitration in accordance with the constitution and international norms. The U.S.-Bolivia Bilateral Investment Treaty (BIT) entered into effect on June 7, 2001 extended these rights even further for U.S. investors. As of

December 2004, the BIT remains untested, though a number of companies are investigating their options under the Treaty, should a confiscatory hydrocarbons bill become law.

The Bolivian Government accepts binding international arbitration in all sectors. The 1997 Arbitration and Conciliation Law created an alternative means by which businesses can resolve commercial legal disputes and provided a more comprehensive framework for national and international arbitration. This law stated that international agreements, such as the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitrage Awards, must be honored. It also mandated the recognition of foreign decisions and awards and established procedures for the Supreme Court to execute any such decision or award.

There are a number of efforts under way to reform and improve Bolivia's justice system, which are beginning to show results in some regional courts. However, entrenched interests continue to resist the implementation of many reforms. We note that some decisions by the Supreme Court and Constitutional Tribunal in the past have been influenced by outside factors, throwing into doubt any ability to enforce these decisions effectively.

Nevertheless, the Bolivian Supreme Court, for the most part, has rendered decisions that have been fair and have benefited U.S. companies. However, neither Bolivian nor foreign companies can yet rely on the judicial system to enforce contracts or administer other forms of fair and impartial justice. It is highly recommended that U.S. companies include an international arbitration clause in all contracts with Bolivian private and public entities.

Bolivia has a Commercial Code (Decree Law 14379, 1977) whose roots date from 1939. Although many of its provisions have been modified and supplanted by other specific laws, the Commercial Code continues to serve as general regulation for commercial activities. Bolivia has no Bankruptcy Law although the previous administration submitted corporate restructuring and bankruptcy regulation bills to the Bolivian Congress in 2003. The Government recently passed legislation created a "Hospital for Businesses" to assist companies with credit restructuring.

Performance Requirements/Incentives

The Bolivian Government does not impose any performance requirements as conditions for establishing, maintaining or expanding a business establishment. Nor does it provide tax or investment incentives that discriminate against foreign investors. Some local governments (municipalities) have established property tax exemptions for businesses located in their areas.

Right to Private Ownership and Establishment

Foreign and domestic entities share the same rights to establish, acquire and dispose of interests in business enterprises, as well as to engage in remunerative activity. All private enterprises enjoy the same access to markets, credit, licenses and supplies as public enterprises, given the exceptions noted above regarding the legal sanctioning of temporary monopolies.

Protection of Property Rights

In general, Bolivian law guarantees property rights. Both chattel and real property rights are recognized, though not consistently enforced. The Office of Property Registry provides a means to protect and facilitate acquisition and disposition of property rights for land, real estate and mortgages. Mortgages exist and can be obtained through the local financial system.

Successive administrations have sought to improve the enforcement of private property rights with varying degrees of success. The first Sanchez de Lozada Administration (1993-1997) enacted the Agrarian Law to reform the National Service of Agrarian Reform (INRA) and the Institute of Colonization, both of which handled land registry. Despite these reform efforts, challenges to land titles are common and an adequate system for title verification is lacking. Competing claims to land titles and the absence of a reliable legal process to resolve land title disputes creates risk and uncertainty in real property acquisition. There have been several allegations of corruption against INRA, the land-titling agency. Illegal squatting on private, rural properties is an ongoing, serious problem. The Embassy advises that investors not leave land or other properties unattended, given rampant squatting in both rural and urban areas.

Intellectual Property Rights

Bolivia's existing legislation governing protection of intellectual property rights (IPR) is insufficient, and enforcement efforts have been sporadic and largely ineffective. Piracy rates of videos, sound recordings, and software remain among the highest in Latin America. The only way one can currently attempt effective protection of trademarks or other intellectual property is to hire a local attorney to initiate a civil court action against offenders. The 1992 Copyright Law recognizes copyright infringement as a public offense, and the new Bolivian Criminal Procedures Code (enacted May 2001) provides for criminal prosecution of IPR violations. However, laws are largely not enforced and U.S. firms have had little success in getting justice in this area from Bolivian courts. The Embassy is aware of only one criminal IPR prosecution. Anti-IPR lobbies are strong in Bolivia.

The government is officially trying to modernize both its legislation and its enforcement capabilities regarding the protection of IPR, though little action has been taken since President Carlos Mesa took office. In 2000 and 2001, the Ministry of Justice drafted a new IPR law that was submitted to Congress for ratification. The bill has yet to be addressed, and there are not plans to include it in the 2005 legislative agenda. Bolivia is a member of the Andean Community (CAN). Therefore, CAN decisions – specifically CAN Decision 486 on IPR – should take legal precedence over Bolivia's national IPR-related laws, though few judges are even aware of the CAN decision, much less its applicability in Bolivia. The Bolivian Senate has ratified the Patent Cooperation Treaty (PCT) in July 2003, though no action has been taken, as of December 2004, to enforce it.

In 1999, the Bolivian Government established an independent National Intellectual Property Rights Service (SENAPI), uniting under one authority the previously disparate offices in charge of enforcing industrial property rights and copyrights. This effort has brought some coherency to government efforts to protect IPR effectively. Bolivia has joined the World Intellectual Property Organization, and Congress approved accession to the Paris, Geneva and Bern Conventions. Unfortunately, SENAPI's reach is limited – it has no oversight of pirated medicines, for example, which are regulated by the Ministry of Health – and at least one political party has demonstrated its interest in re-politicizing the agency.

The Bolivian Copyright Law (Law 1322, 1992) provides IPR protection for literary, artistic and scientific works for the lifetime of the author plus 50 years. It protects the rights of Bolivian authors, of foreign authors domiciled in Bolivia, and of foreign authors published for the first time in Bolivia. Foreigners not domiciled in Bolivia enjoy protection under the Copyright Law to the extent provided in international conventions and treaties to which Bolivia is a party. Bolivian copyright protection includes the exclusive right to copy or reproduce work; to revise, adapt or prepare derivative works; to distribute copies of the work; and to communicate the work publicly.

Although the exclusive right to translate the work is not explicitly granted in the law, it does prevent unauthorized adaptation, transformation, modification and editing. The law also provides protection for software and databases.

The Bolivian Film and Video Law (Law 1302,1991) also contains elements of IPR protection. The law created the National Movie Council (CONACINE) in order to coordinate, control and carry out various activities related to the movie industry. The law also requires that all films and videos shown or distributed in Bolivia be registered with CONACINE.

Television stations have been among the worst IPR violators in Bolivia, often not paying rights to broadcast TV programs. The Superintendent of Telecommunications has implemented some measures designed to ensure that only licensed material is televised, but these actions have been limited, and TV piracy continues to thrive.

As of now, patent registrations are reviewed for form rather than for substance. A notice of the proposed patent registration is then published in the Official Gazette. If there are no objections within 50 days, a patent is granted for a period of 15 years. The patent must be used in Bolivia within two years to preserve its validity.

The registration of trademarks parallels that of patents, except that the period for objections to a trademark registration is 18 months after publication. Once obtained, a trademark is valid for a 10-year period and is renewable. It becomes null if not used over an 18-month period.

While there had been a significant backlog in patent and trademark registrations before 2002, SENAPI made significant progress in 2003. SENAPI lacks qualified technical personnel below the director level and lacks the institutional capacity and political weight to effectively enforce IPR laws and regulations. Since 2003, USAID has been supporting the non-political institutionalization of SENAPI.

There are presently no laws protecting trade secrets.

Transparency of the Regulatory System

The Sectoral Regulation System (SIRESE) was established in October 1994 to control and supervise the activities pertaining to electricity, telecommunications, hydrocarbons, transportation and water sectors. The Electricity Law (Law 1604, 1994), the Telecommunications Law (Law 1632, 1995) and the Hydrocarbons Law (Law 1689, 1996) defined the characteristics and functions of their respective superintendents.

The five superintendencies, each headed by a separate superintendent, are autonomous institutions whose activities are financed through the assessment of percentage fees on firms operating in their respective sectors. The General Superintendent, whose office is empowered to hear appeals of any decision by a superintendent, heads SIRESE. Concessions of public services and licenses are granted by administrative resolution issued by the respective superintendent.

The SIRESE Law (Law 1600, 1994) establishes general principles governing anti-competitive practices. Specifically, companies engaged in regulated activities are forbidden from participating in agreements, contracts, decisions and/or practices whose purpose or effect is to hinder, restrict or distort free competition.

A similar system has just been created for the financial sector. However, several laws have changed its structure over the last five years. Most recently, the “Bonosol Law” and Supreme Decree 27026, enacted on May 6, 2003, had re-established attributions for the General Superintendent of SIRESE and its Superintendencies.

In April 2002, the Bolivian Congress approved a new Administrative Procedures Law (Law 2341, 2002) designed to enhance public participation in the rulemaking process and strengthen the administration of public agencies.

Efficient Capital Markets and Portfolio Investment

Historically, Bolivian commercial banks were closely held operations that lent only to persons or firms well known to the bank. Foreign institutions and shareholders hold a large segment of the Bolivian banking system today and have brought international norms to Bolivia with them. As a result, Bolivian bankers are developing in-house capabilities to adjudicate credit risk and to evaluate expected rates of return according to international norms.

In the interim, foreign investors may find it difficult to qualify for loans from local banks due to a previous requirement that domestic loans be made only against domestic collateral. In 1993, the Superintendency of Banks issued new regulations designed to facilitate bank lending to companies based on a cash flow analysis. Since commercial credit is generally extended on a short-term basis at high interest rates, most foreign investors prefer to obtain credit from foreign sources.

Another option available to established Bolivian companies is the issuance of short- or medium-term debt in the local stock market. Currently, the principal activity of the exchange is to provide a secondary market for Central Bank certificates of deposit. The Bolivian stock market seeks, however, to expand handling of local corporate bond issues, and the passage of the Securities Law (Law 1834, 1998) provides the groundwork for creating a truly modern exchange. Several Bolivian companies and some foreign companies have been able to raise funding from the Bolivian capital market over the last years.

The Securities Law also established a securities commission that has already approved the establishment of several Bolivian mutual funds. Unfortunately, few local companies issue stock, making the choices for these funds quite limited. Although most accounting regulation follows international principles, Bolivian accounting procedures and reports do not yet conform to world standards. It is common for Bolivian firms to maintain various sets of books: one set for the tax authorities; another for its bankers; and another for the management's own use.

The Banking Law (Law 1488,1993) was a first step towards modernizing the Bolivian banking system, as it addressed emerging areas such as establishing rules governing leasing and setting parameters for bank holding companies. The Central Bank Law (Law 1670, 1995) refined the Central Bank's authority over the banking sector, setting higher reserve requirements and eliminating insider lending that had led to the collapse of many Bolivian banks.

After the Banzer/Quiroga Administration (1997-2002) enacted additional changes to the regulatory financial framework such as the Law of Property and Popular Credit (Law 1834, 1998), the Sanchez de Lozada Administration enacted the "Bonosol Law" (Law 2427, 2002) and the Supreme Decree 27026, which partially modified the regulatory system governing the banking and financial regulatory framework.

As a result of 1999 – 2003's economic stagnation, most bank indicators headed south. Banks' portfolios decreased from USD 4 billion in 1999 to USD 2.5 billion at the end of 2004. Deposits fell by USD 200 million in the first nine months of 2004 alone, from USD 2.7 billion at the end of 2003 to USD 2.5 billion. Liabilities with foreign creditors increased from USD 70 million in December 2003 to USD 75 million as of September 2004.

The portfolio of loans in arrears has been the most worrisome factor in Bolivia's recent banking history, increasing from 11.6 percent at the end of 2000 to 25.5 percent in October 2004. Bank managers reacted by conducting financial operations more carefully and closely following prudential lending norms. The private sector has complained and lobbied the last two administrations to ease credit eligibility and establish debt-restructuring schemes. It is probable that non-performing figures do not reflect all overdue payments. Due to a large debt restructuring and rescheduling program, looking at the non-restructured portfolio may prove to be a more reliable indicator of a bank's health. The overall non-restructured portfolio has dropped from 83 percent at the end of 2003 to 60 percent as of September 2004.

Nevertheless there is a body of financial regulation that establishes some limits in order to promote stability for shareholders and prevent conflicts of interest. Regulations also restrict financial transactions for managers and senior managers.

The securities regulator is in the process of drafting several regulations that will prevent hostile takeovers and protect minority shareholders. Also there is generally positive agreement about the urgency of passing a law on corporate governance. There are no regulations that limit foreign investment or participation in or control of domestic enterprises.

Political Violence

Bolivia is prone to periods of social unrest that can quickly turn violent and disrupt the transportation of people and goods on the country's principal highways. In March/April 2000, violent protests against foreign investment in the municipal water system of Cochabamba ultimately spread throughout the country in the form of roadblocks and demonstrations. Roadblocks were even more serious in September/October 2000, when rural indigenous groups, illegal coca growers, and a variety of labor and social movements coalesced in opposition to various government policies. Concessions by the Government ended those and subsequent protests, but not before the roadblocks had caused serious economic hardship and disrupted Bolivian exports. Less serious but also disruptive and violent social protests occur regularly in La Paz and El Alto, with some U.S.-owned businesses reporting up to 30 days of lost work per year.

In a serious threat to democracy, units of the National Police mutinied against the Sanchez de Lozada administration in February 2003. Spurred on by a misunderstood government proposal to create an income tax, mutinous police units fought loyal military units, and, with the police absent, rioters subsequently looted and burned various government buildings and private businesses. Though order was restored within 36-hours with minimal damage to U.S.-linked companies, the death toll in La Paz was over 30. Violence was even worse during October 2003's "Gas War," in which over 60 people died. The "Gas War," which was spurred on by radical social elements and opposition political parties, finally ended with the resignation of Sanchez de Lozada.

Given the violence surrounding his predecessor's exit, President Carlos Mesa has been unwilling to confront most protesting groups, even vowing that he would not under any circumstances use force against protestors. Investors should understand that protests, especially in La Paz/El Alto and along gas transport pipelines, are commonplace. Though not anti-American per se, such protests can quickly turn violent.

Corruption

Bolivia has a significant corruption problem in both the public sector and in many other non-governmental institutions. Corruption undermines the benefits of resources allocated to fight poverty and constrains economic development. Since officials accused of acts of corruption are almost never punished, the public's distrust of the political system is high. In an attempt to control the root causes of corruption, the Bolivian Government in recent decades has implemented several reforms and measures to modernize the State, improve existing legislation, and increase citizen participation within the framework of a new state/society relationship of mutual responsibility. Nevertheless, public perception of corruption remains high.

Within this context, several laws were passed, including the Financial Administration and Control Law (SAFCO) law, the State Employees Statute Act, and the Sworn Declaration of Property and Income Law *(Declaración Jurada de Bienes y Rentas)*. In order to stimulate the institutionalization of public administration and in order to provide a structural answer to the corruption problem, institutions such as the Judiciary Council *(Consejo de la Judicatura*), Human Rights Ombudsman *(Defensor del Pueblo)*, Constitutional Court, and the Civil Service Superintendency were created. There is even a Cabinet-level Presidential Delegate empowered to investigate corruption at any level and in any branch of the government. The National Integrity Plan intends to widen the structural response to the problem of corruption through judicial reform and modernization of the state. Under the Plan's Project of Institutional Reform (PRI), the Customs Service, the National Revenue Service, the National Road Service and the Ministries of Housing, Education and Agriculture have been reformed and professionalized.

With international assistance, the last several governments have worked to overhaul the National Customs Service. The new Customs Reform Law was enacted in August of 1999 and implemented over a 36-month period. The National Customs Service has since reduced corruption and made a dent in the problem of contraband flowing into Bolivia, though continuing efforts are necessary. The Minister of Finance heads a multi-agency council on contraband issues.

Bilateral Investment Agreements

Bolivia has signed bilateral investment agreements (BITs) with Argentina, Belgium/Luxembourg, China, France, Germany, Italy, Mexico, the Netherlands, Peru, Romania, Spain, Switzerland, the United Kingdom and the United States (1997). The U.S.-Bolivia BIT was fully implemented on June 7, 2001.

There are six basic reciprocal provisions of the U.S.-Bolivia BIT:

1. U.S. investors are entitled to the better of national treatment or most favored nation (MFN) treatment when they seek to initiate investment and throughout the life of that investment, subject to certain limited and specifically described exceptions listed in annexes or protocols to the treaties.

2. Expropriation can occur only in accordance with standards put forth in international law, that is, for a public purpose, in a nondiscriminatory manner, under due process of law, and accompanied by prompt, adequate, and effective compensation.

3. BITs provide U.S. investors the right to transfer funds into and out of the host country without delay using a market rate of exchange. This covers all transfers related to an investment, including interest, proceeds from liquidation, repatriated profits and infusions of additional financial resources after the initial investment has been made.

4. The Treaty limits the ability of either government to require investors to adopt inefficient and trade distorting practices. For example, performance requirements, such as local content or export quotas, are prohibited.

5. It gives investors the right to submit an investment dispute with the treaty partner's government to international arbitration. There is no requirement to use that country's domestic courts.

6. It gives investors the right to engage the top managerial personnel of their choice, regardless of nationality.

OPIC and Other Investment Insurance Programs

An Investment Insurance Agreement signed in 1985 by Bolivia and the U.S. Overseas Private Investment Corporation (OPIC) provides for a full range of OPIC programs, including insurance, financing and use of OPIC's Opportunity Bank. OPIC provides financing assistance through direct loans and through guarantees of loans by private U.S. financial institutions for investments by U.S.-based firms in Bolivia. OPIC has worked with a growing number of new investors – particularly in providing project loans, insurance against inconvertibility, expropriation and political risk – and is open to doing more business in Bolivia.

The International Bank for Reconstruction and Development's (IBRD) Multilateral Investment Guarantee Agency (MIGA) has offered a complete line of investment guarantees to foreign investors in Bolivia since October 1991.

The U.S. Export-Import Bank (EXIM) also hopes to expand its as yet limited operations in Bolivia. It has offered credit guarantee facilities to local banks, with terms of up to five years. EXIM is also willing to work directly with qualified private companies in providing loans and insurance. EXIM will also consider individual transactions with Bolivian banks that do not yet have sufficient net worth to qualify for the establishment of a credit guaranty facility.

Labor

Approximately two-thirds of Bolivia's population of 8.3 million is considered "economically active", a figure that includes early teenagers and as well as children who are legally prohibited from working. 2004 unemployment is projected to be 9.5 percent, but of those employed only one-third were working 40 hours a week. The ILO definition of an "economically active" or employed person masks substantial underemployment and subsistence-level "informal" economic work.

As of December 2004, the official minimum wage remains approximately USD 55 per month. General economic stagnation from 1999 through 2003 resulted in slipping nominal wages, with the average wage for formal urban employment at USD 70 per month. Bolivia's still substantial rural population, often self-employed in subsistence agriculture, makes far less. Overall, between 60 and 65 percent of working Bolivians are considered to be participants in the "informal economy," where no contractual employee-employer relationship exists.

Foreign investors have found the labor force to be stable, with low rates of turnover and high levels of manual dexterity. The country's generally low levels of education and literacy tend to limit the productivity of Bolivia's labor, in line with its low cost. There is abundant manpower readily available for foreign as well as domestic investors, although skilled manpower is harder to find.

The average wage for a factory worker is about USD 120 per month. Benefits – including a Christmas bonus "aguinaldo" equal to one month's salary, as well as retirement payments – can add another 30 percent to the wage bill.

Bolivian Labor Law guarantees workers the right to organize and bargain collectively. Most companies are unionized. Nearly all unions belong to the Confederation of Bolivian

Workers (COB). Despite international perceptions, extensive labor unrest in the private sector is uncommon in Bolivia, and most foreign firms enjoy positive labor-management relations.

Bolivian Labor Law guarantees workers the right of association, restricts child labor and provides for worker safety. Effective enforcement, however, often proves to be lacking.

Foreign Trade Zones/Free Ports

The Bolivian government created free trade zones (FTZs) by way of two Supreme Decrees (D.S. 22410 and D.S. 22526). The establishment of any FTZ operation must be authorized by the National Council on Free Trade Zones (CONZOF), which coordinates, sets and controls all industrial and commercial free zones. Currently FTZs exist in the cities of:

1. El Alto (the Department of La Paz);
2. Santa Cruz;
3. Cochabamba;
4. Puerto Aguirre (on Bolivia's eastern border with Brazil);
5. Oruro; and
6. Desaguadero (on the Peruvian border).

One other – in Guayaramerin in the Department of Beni – is not yet fully operational. The FTZ in Cobija, in northern Bolivia, has not proven to be attractive to investors because of the lack of roads and other basic infrastructure. All Bolivian labor laws apply in FTZs.

Foreign Direct Investment (FDI)

As of December 2004, the National Statistic Institute (INE) has not completed FDI statistics for 2003 or 2004. FDI figures here are estimated using balance of payments figures, which are monitored by the Bolivian Central Bank. According to this analysis, net FDI has been falling, from USD 674.1 million in 2002 to USD 160.2 million in 2003. Gross FDI, illustrated below, has also declined in recent years.

We note that net investment is equivalent to total investment less deductions or outflows, including portfolio investment in other economies and profit remittances to shareholders. For Balance of Payments issues, net FDI values are important, while gross FDI factors into economic growth projections.

Private gross FDI flows (in USD millions)

	2002	2003	2004
Hydrocarbons	462.8	NA*	NA
Mining	11.5	NA	NA
Industry	91.1	NA	NA
Construction	282.9	NA	NA
Financial Services	54.9	NA	NA
Others	31.1	NA	NA
Total	979.3	567.0 [e]	NA

* NA = Not available as of December 2004
[e] estimate

Source: National Institute of Statistics (INE)

Bolivian gross FDI by country (in USD millions)

	2002	2003	2004
United States	288.7	225 [e]	NA
Spain	267.6	NA*	NA
Brazil	181.9	NA	NA
France	60.2	NA	NA
United Kingdom	50.3	NA	NA
Argentina	31.1	NA	NA
Italy	26.9	NA	NA
Peru	5.9	NA	NA
Chile	5	NA	NA
Canada	0.6	NA	NA

* NA = Not available as of December 2004
[e] estimate

Source: National Institute of Statistics (INE)

8. TRADE AND PROJECT FINANCING

Description of the Banking System

The Central Bank and 13 privately owned banks comprise Bolivia's banking system. Commercial banks represent at least fourth-fifths of the Bolivian financial system. The remaining one-fifth has been concentrated in savings and loans, credit unions and other financial institutions. As of September 2004, deposits in the banking system equaled USD 2.7 billion, of which approximately 90 percent were in U.S. dollar-denominated deposits.

Citibank is presently the only U.S. Bank with a local branch. Although Citibank tried to expand its operations by acquiring a national bank, the purchase of BHN has caused a number of problems for Citibank. In 1999, Citibank began to offer mortgage loans with very competitive terms by Bolivian standards. However, following difficulties, Citibank sold all its retail business to domestic banks and announced a decision to concentrate on corporate banking.

All commercial banks provide regular banking services, accepting deposits for both checking and savings accounts and offering short- and medium-term loans. Local banks are authorized to hold U.S. dollar-denominated time deposits.

The 1993 Banking Law was a first step towards modernizing the Bolivian banking system. The new law addressed such emerging areas as establishing rules governing factoring and leasing and set parameters for bank holding companies. The 1995 Central Bank Law refined the Central Bank's controls over the banking sector, setting higher reserve requirements and eliminating the insider lending that had led to the collapse of many Bolivian banks.

Between 1997 and 2004, all administrations enacted additional changes to the regulatory financial framework. The Law of Property and Popular Credit (1998) modified the regulatory system governing the non-banking financial system. It created a Prudential Norms Financial Committee (CONFIP) to issue financial regulations for the whole financial system without interfering in currency exchange and monetary policies, which remain the purview of the Central Bank. The law also created the Superintendency of Appeals that forms the first layer of appeals on decisions made by the Superintendency of Pensions, Insurance and Securities and the Superintendency of Banks and Financial Institutions, the main regulating agencies in the sector. The new law also authorized the creation of private financial funds, savings and loans cooperatives and non-governmental organizations that can grant credit, in an effort to promote better access to credit and other financial services throughout the country.

Foreign Exchange Controls Affecting Trade

Bolivia places no controls on foreign exchange transactions, beyond those intended to curb money laundering.

The Boliviano ("Bs") is divided into units of 100 centavos (cents), although coins in denominations of less than 10 centavos are rarely used. Traveler's checks, dollars and other major currencies can be readily exchanged in exchange houses, banks and major hotels. Most automatic teller machines (ATM's) in major cities offer cash withdrawals in

Bolivianos and U.S. Dollars with many U.S. bank or credit cards, including those that operate on the “PLUS” and “Honor” networks. ATM’s are nonexistent outside major cities. It can be difficult for non-residents to cash personal checks in Bolivia. The Boliviano is freely convertible for all transactions; the U.S. Dollar can also be used as legal tender in the country. As of December 2004, the exchange rate was approximately Bs 8 per USD 1, a change from Bs. 7.5 to USD 1 a year earlier.

Several money exchange houses legally operating in Bolivia offer prompt conversion of several currencies at legal rates, in addition to providing transfers.

General Financing Availability

Credit is generally difficult to obtain in Bolivia without using unencumbered local assets as collateral. Collateral requirements for all but the most valued clients are very high. Interest rates are influenced by the Central Bank’s certificate of deposit rates, as well as by high administrative costs resulting from the general operational inefficiency (as measured by overhead costs) seen throughout the local banking system. Although there are no formal restrictions on foreign companies borrowing through the local financial system, few large investors do so because of the small size of the Bolivian financial system.

Available Export Financing and Insurance

International and bilateral financial institutions provide some credit lines for Bolivian exporters at lower-than-market interest rates. These lines are granted by the Inter-American Development Bank (IDB), the World Bank and the Andean Development Corporation (CAF) and are usually channeled through the Central Bank for lending via private Bolivian banks. The Overseas Private Investment Corporation (OPIC) and the U.S. Export-Import (EXIM) Bank also offer insurance and/or financing products to the private sector when U.S. exports are part of a project.

Project Financing

Interested parties should consult the IDB, the World Bank (IBRD) and CAF. OPIC, EXIM and the U.S. Trade and Development Agency (TDA) can also be consulted.

List of Banks with Correspondent U.S. Banking Arrangements

The following banks have correspondent banking arrangements with U.S. Banks:

Banco de Credito de Bolivia S.A.
Banco Do Brasil S. A.
Banco Economico S. A.
Banco Ganadero S.A.
Banco Industrial S.A. (BISA)
Banco Mercantil S.A.
Banco Nacional de Bolivia
Banco Santa Cruz S.A.
Banco Solidario S. A.
Citibank S.A.

Interested parties should contact the National Association of Banks (ASOBAN), for the most up-to-date information on activities in this sector at the following address:

Asociación de Bancos Privados de Bolivia (ASOBAN)
Edif. Cámara Nacional de Comercio Piso 15
La Paz
Tel: (591-2) 236-1308
Fax: (591-2) 239-1093
E-mail: info@asoban.bo
Website: www.asoban.bo

9. BUSINESS TRAVEL

Business Customs

Many members of Bolivia's private sector have ample direct exposure to U.S. and European business customs and procedures.

The local representative is a vital component in the successful operation of foreign-based firms. A local representative is required by law in the case of investment contracts, direct sales for major projects, and all government agency purchases.

Bolivia's small market requires that most agents represent more than one line of merchandise. The amount of effort given to promoting a particular product line is determined in part by the interest and support expressed by the supplier, as well as by the agent's ability and interest.

The importance of occasional personal visits from company representatives, as well as prompt, responsive handling of communications, cannot be overstated, given the key role played by local representatives. After a business relationship has been established, local distributors and agents generally expect to receive an offer to visit the foreign company's plant facilities and head offices in order to become better acquainted with the company's personnel and its operating techniques.

Although capitalization and privatization have placed most of the former government-owned enterprises in private hands, Bolivia's economy still remains highly influenced by decisions taken in the public sector. Businesses should be prepared to deal with government officials and their sometimes-convoluted procedures. U.S. exporters or shippers should adhere closely to the instructions of the Bolivian importer, as well as to the instructions laid out in the "trade regulations" section of this report regarding shipment of goods in order to avoid difficulties and customs fines.

Regrettably, business practices in Bolivia in both the governmental and local business sectors can involve different sets of standards than are common in the United States and some that might be illegal or unethical under U.S. law. U.S. companies should exercise the utmost care and discretion in their business dealings and consult with the Embassy for advice on how to proceed if confronted with corrupt practices.

Travel Advisory and Visas

Any foreigner wishing to work in Bolivia must first obtain a permit ("Carnet Laboral") from the Ministry of Labor. To obtain this permit, the foreigner must file an application with the Ministry of Labor and have a passport with a valid visa; this paperwork takes from three weeks to one month. Bolivia has three different non-immigrant visa categories:

Tourist Visa
A tourist visa is not required for U.S. citizens traveling to Bolivia. A 30-day stay will be granted at the port of entry upon arrival. Travelers planning to stay in Bolivia for over 30 days may obtain an extension from the National Immigration Service valid for an additional 60 days at no cost. Travelers who wish to remain in Bolivia beyond 90 days must obtain a second 30-day extension from the National Immigration Service upon payment of approximately a USD 25 fee.

Specific Objective Visa
Based on the activity or travel objective, this visa allows for the traveler to remain in the country for a period of 30 days which may be extended for additional 60. The price for the first 30 day extension is USD 102 and the next 30 days is USD 65. Requirements for this type of visa must include documentation which supports the reason of travel (work contract, etc.).

Temporary Residence Visa
A temporary residence visa is valid for up to two years and may be extended to immediate family. This visa may be obtained through the National Immigration Service for a fee of approximately USD 190 and should be obtained within 10 working days. To obtain a temporary residence visa, the applicant must present the following documents to the National Immigration Service:

1. passport with a 6-month minimum validity containing a specific-purpose visa (for any other purpose other than tourism);
2. legal petition addressed to the Director General of Immigration requesting temporary residence;
3. work contract certified by the Ministry of Labor specifying the duration of the contract;
4. certificate from the institution for which the person is going to work (or for students, a certificate of studies);
5. police security clearance issued by the Bolivian National Police;
6. legal address registered with the National Police; and
7. temporary residence request form; and,
8. a change of visa request form (required even if this is a first time visa request).

Permanent Residence Permits
To obtain a permanent residence, a person must have had a two-year temporary visa. The applicant must pay a fee of USD 380 and present the following documents to the Immigration Service:

1. valid passport containing a two-year temporary residence visa;
2. legal petition addressed to the Director General of Immigration requesting indefinite residence;
3. medical certificate issued by the National Institute of Employment Health;
4. security clearance issued by Bolivian National Police;
5. legal address registered with the Bolivian National Police;
6. birth certificate legalized by a Bolivian Consulate;
7. police security clearance issued in the country of origin and legalized by a Bolivian Consulate;
8. indefinite visa request form;
9. change of visa request form; and,
10. work contract certified by the Ministry of Labor.

The Bolivian Government reserves the right to accept or deny the indefinite residence of foreigners in Bolivia.

Temporary and permanent resident visas cover principals, managers and trained and specially qualified employees who are involved in the company’s operations. No special qualifications are required for entry into Bolivia. The individual is not limited in the type of work that can be performed once a visa is granted. There are no requirements on the amount of money invested to qualify for entry.

There are no specific restrictions on an investor wishing to live and work in Bolivia once a residence visa is granted. The spouse and children of the visa holder are entitled to enter the country with the visa holder provided their names are included in the legal petition presented to the Director General of Immigration.

For additional information please contact:

Ing. Alvaro Herbas Camacho
Servicio Nacional de Migración
Ministerio de Gobierno
La Paz
Tel/Fax: (591-2) 211-0960

Visa information may also be obtained on the Internet at:
http://www.bolivia.gov.bo/paginas/visas.htm

2005 Holidays

National Holidays

New Year's Day	January 1
Carnival	February 7 – 8 (varies every year, usually in February or March)
Good Friday	March 25 (varies, March or April)
Labor Day	May 1
Corpus Christi	May 26 (varies, usually in June)
Independence Day	August 6
All Saints Day	November 1
Christmas Day	December 25

*Departmental Holidays**

Oruro Day	February 10
Tarija Day	April 15
Sucre Day	May 25
La Paz Day	July 16
Cochabamba Day	September 14
Santa Cruz Day	September 24
Pando Day	October 11
Potosi Day	November 10
Beni Day	November 18

*As per a 2002 decree, all Departmental holidays are observed on either the previous or following Monday.

Business Infrastructure

Transportation is hindered by a lack of developed infrastructure. Bolivia has over 60,000 km of roads, of which approximately 4,100 km are paved, 18,300 are gravel, and 37,800 are dirt roads. There are paved roads from La Paz all the way to Desaguadero (at the Peruvian border on Lake Titicaca), Arica (Chile), Cochabamba and Oruro. Except for a crucial 30-km stretch, the “new” road between Cochabamba and Santa Cruz is also paved. A new paved road from Santa Cruz to Trinidad (580 km), was recently inaugurated. Other roads, including all those to Brazil, are often impassable or extremely slow from time to time due to regularly occurring rain coupled with poor maintenance. For instance, during the rainy season, the 400-mile road from Santa Cruz to the Argentine border is less accessible than at other times of year.

The Bolivian national railroad system has a total of 3,960 km of track, divided into two non-connecting segments. The western segment is 2,500 km long and serves the Pacific ports of Arica and Antofagasta (Chile), as well as the lake port of Guaqui and the major cities in the Altiplano and the Andean valleys. Much of the western segment of the rail system is in disrepair. The eastern segment, which is better maintained, is 1,460 km long and links Santa Cruz with Brazil and Argentina.

There are airline connections to other Latin American countries and to Miami out of La Paz and Santa Cruz. (See also the “Infrastructure Section” for more information.)

Utilities throughout the country are good, with reliable electric power in the major cities. Residential current in La Paz is 110 and 220 volts, 50 cycles. Cochabamba, Santa Cruz and most other cities operate on 220 volts, 50 cycles. Water shortages may occur in the dry season in various parts of the country, including La Paz and Cochabamba. Water is not potable by U.S. standards in any Bolivian city, although the major cities have improved the quality of their water supply systems in recent years.

Spanish is both the official language and the language of commerce in Bolivia. Although Aymara and Quechua are also spoken extensively, Spanish is understood in all but the most remote parts of Bolivia. English is also widely spoken among business leaders and public officials, though most prefer to speak Spanish.

Office hours are the same throughout the year but vary somewhat from city to city. In La Paz and Cochabamba, office hours are generally from 9 a.m. to 12 noon and from 2:30 p.m. to 6:30 or 7 p.m., except for government offices which are from 8:00 a.m. to 4:00 p.m. with no break at lunch time. In Santa Cruz, the tropical climate demands that work begins and ends earlier, beginning at 8 a.m. and ending about 6:30 p.m., with a two-hour lunch break in the middle of the day.

National and international telephone services are available in La Paz and even in rural towns. Direct dialing is available throughout the country. Most business establishments have fax and telex machines, with electronic mail becoming increasingly popular. The Internet has been operational in Bolivia since 1996.

Taxi fares from the El Alto Airport to La Paz generally run 55 Bs (approximately USD 6.75). Within the city, fares average between USD 1 and USD 1.50, depending on the length of the trip, with small additional charges for extra passengers and for travel after 10 p.m. Rental cars are also available but are expensive; some companies require that a driver is hired as well. U.S. driver's licenses need to be revalidated for 90 days after arrival, a process that takes 48 hours.

All of Bolivia experiences a rainy season during the summer months (December-March). In La Paz the average daytime temperature is 60 degrees Fahrenheit for most of the year, with temperatures dropping quite a bit after darkness falls. Santa Cruz is a tropical city, generally hot and humid, while Cochabamba has a climate similar to and slightly warmer than that of La Paz.

There are several good, comfortable hotels in La Paz, where single rooms range between USD 50 and USD 150 a night, including taxes and breakfast. Hotel information is available online at www.boliviacontact.com, www.boliviaweb.com, and www.enjoybolivia.com, among other sites.

Health Concerns

The altitude of La Paz's El Alto airport is 13,200 feet above sea level. The altitude alone poses a serious risk of illness, hospitalization, and even death, whether or not you have a medical condition that affects blood circulation or breathing. Even healthy individuals have problems. It is a good idea to consult a doctor before visiting. Recent arrivals are advised to limit their activities and refrain from consuming alcoholic beverages until they acclimate, which can take between a few hours to several days. We advise that people not consume alcoholic beverages for 24 hours before arrival in La Paz.

To help prevent complications caused by the high altitude, some travelers to La Paz take acetazolamide (diamox) 125 mg twice a day, beginning two days before arrival in La Paz, on the day of the trip, and two to three days after arriving at high altitude. This medication inhibits the enzyme carbonic anhydrase, has a slight diuretic effect, and stimulates respiration. It is available only by prescription in the U.S. Pregnant women and nursing mothers cannot take Diamox. If you have a severe allergy to sulfa drugs, you may not be able to take Diamox. We recommend staying well hydrated – drinking plenty of water, Gatorade, etc. – and minimizing or eliminating intake of caffeine and alcohol.

Sanitary conditions throughout the country are such that it is advisable to boil water at least 20 minutes or to consume only bottled water, refuse ice, and wash fresh fruits and vegetables with a special disinfectant or bleach. Even the best restaurants in the major cities may inadvertently serve tainted food. Americans have been victims of e-coli and typhoid. Hepatitis and rabies are common in Bolivia, although with proper vaccinations both can usually be avoided. Malaria, leishmanioses, and yellow fever are found in the jungles in Bolivia's northern and eastern regions, and white leprosy and yellow fever are sometimes found in the Yungas Region of La Paz.

10. ECONOMIC AND TRADE STATISTICS

Appendix A - Country Data

Population (a):	1992	6,420,792 (census)
	2001	8,274,325 (census)
	2004	8,973,281 (estimated)
	2005	9,219,149 (projected)
	2009	10,271,859 (projected)

Self-declared indigenous population: 62 percent (2001 census)

Population Growth Rate 1992-2001 (a): 2.74 percent

Distribution: Roughly 62 percent of the population lives in urban areas.

Religion: Catholicism is the dominant religion; freedom of religion exists.

Government System: Representative democracy. Executive, legislative and judicial branches are separate. The President is elected every five years; the upper and lower houses of the bicameral Congress are elected every five years; the judiciary is appointed by executive branch, with Supreme Court judges appointed for ten years.

Languages: Spanish (official), Aymara, Quechua and other native tongues.

Business Week: Monday through Friday, 8:30 a.m.-12:30, 2:30 p.m. - 6:30 p.m. (See chapter 9 – "Business Customs" – for more detailed information.)

Source: (a) *National Institute of Statistics* (INE).

Appendix B - Domestic Economy

	2003	**2004**	**2005** (projected)
GDP (USD million)	7877	8194	8465
GDP growth (percent)	2.5	3.5	4.5
GDP per capita (USD)	901	914	918
Government spending as pct of GDP	30.1	29.8	30.7
Inflation (consumer prices; pct)	2.8	3.5	3.5
Unemployment rate (b)	9.2	9.5	10
Public sector external debt (USD billion)	5.1	5.2	5.4
Debt service/exports ratio (c)	12.0	13.5	14.0
Debt service/GDP ratio	3.3	3.0	3.0
U.S. assistance to Bolivia (USD million)	164.5	149.1	150

Notes: (b) based on surveys of urban areas; data does not consider underemployment
(c) Includes Foreign Exchange adjustments and Debt Relief.

Sources: National Institute of Statistics (INE); Central Bank of Bolivia.

Appendix C – Trade (in USD million)

	2003	2004	2005
Bolivian exports FOB	1656.7	2000.0	NA*
Bolivian imports CIF	1609.0	1748.5	NA
Exports to U.S.	234.6	300.0	NA
Imports from U.S.	307.3	246.7	NA

* NA = Not Available

Source: Central Bank of Bolivia and INE. 2004 figures are projections.

Appendix D - Investment Statistics

	2003[e]	2004	2005
Gross foreign investment (USD million)	567	NA*	NA
Foreign investment (as percent GDP)	7.2	NA	NA
U.S. investment	225	NA	NA

*NA Not Available
[e] Central Bank estimates

Source: Central Bank of Bolivia and INE. 2004 figures are not available as of December 2004.

Appendix E - Reports on Commercial and Economic Conditions in Bolivia

Reports of the Department of Commerce and those of the Department of State are generally available through the U.S. Government Printing Office (Tel: 202/512-0376) and website: www.access.gpo.gov. The reports are also available on the National Trade Data Bank, which may be accessed at most local or university libraries. In addition, there are a number of valuable reference works and periodicals. The best way to obtain guidance on using these information resources is to contact the Bolivia Desk Officer, U.S. Department of Commerce, Washington D.C. 20230, Tel: (202) 482-0428 or the website: www.mac.doc.gov. Another good website to get information on statistics is www.export.gov.

For information on publications from the Department of Commerce, please contact the following website: www.mac.doc.gov.

The State Department periodically produces “Background Notes: Bolivia” and the “Area Handbook for Bolivia”, available from the Department of State, Office of Public Communications, Bureau of Public Affairs, Washington D.C.20520. “Background Notes” provides political and other background information on Bolivia. (Annual subscriptions to the “Background Notes” series may be purchased by contacting the Superintendent of Documents, Government Printing Office, Washington D.C. 20402.)

11. U.S. AND COUNTRY CONTACTS

All addresses are in La Paz unless noted. “Casilla” means P.O. Box.

Ministry of the Presidency

Ing. Jose Antonio Galindo Neder
Minister
Palacio de Gobierno
Casilla 7832
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Ministry of Foreign Relations and Worship

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Fax: (591-2) 244-2589

Ministry of Defense

Gral. Ejto. Gonzalo Arredondo Millan
Minister
Plaza Abaroa
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Ministry of Finance

Dr. Luis Carlos Jemio Mollinedo
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Ministry of Economic Development

Lic. Horst Grebe Lopez
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Ministry of Education

Lic. Maria Soledad Quiroga Trigo
Minister
Arce 2147
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Ministry of Health and Sports

Dr. Fernando Antezana Aranibar
Minister
Plaza del Estudiante
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Fax: (591-2) 249-2900

Ministry of Labor

Dr. Luis Fernández Fagalde
Minister
Yanachocha esq. Mercado
Tel: (591-2) 214-9502
Fax: (591-2) 241-1086

Ministry of Agriculture

Lic. Diego Montenegro Ernst
Minister
Rosendo Gutierrez # 713
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Fax: (591-2) 241-4571

Ministry of Sustainable Development

Dr. Gustavo Pedraza Mérida
Minister
Edif. Ex-Comibol
Mariscal Santa Cruz esq. Oruro
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Fax: (591-2) 231-2641

Ministry of Basis Services and Public Works

Arq. Jorge Urquidi Barrau
Minister
Palacio de Comunicaciones, Piso 5
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Fax: (591-2) 212-4379

Ministry of Mining and Hydrocarbons

Ing. Guillermo Torres Orias
Minister
Palacio de Comunicaciones, Piso 12
Tel: (591-2) 233-7264
Fax: (591-2) 214-1307

Ministry of Popular Participation

Dr. Roberto Barbery Anaya
Minister
Av. 20 de Octubre esq. Fernando Guachilla, Piso 3
Tel: (591-2) 242-1860 or 211-0930
Fax: (591-2) 211-3613

Ministry of Indigenous Affairs

Lic. Ricardo Calla Ortega
Minister
Sanchez Lima esq. Ecuado, Edif. Orion, Planta Baja # 2072, Of. 18
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Fax: (591-2) 242-4466

Please contact the Commercial Library of the U.S. Embassy in La Paz for a complete list of ranking officials.

Other Important Government Contacts

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Dr. Juan Antonio Morales Anaya, President
Ayacucho esq. Mercado, Casilla 3118
Tel: (591-2) 240-9090 or 240-6280
Fax: (591-2) 240-6598
Website: www.bcb.gov.bo

National Customs Service
Lic. Rodrigo Agreda Gomez, President
Calle Av. 20 de Octubre 2038
Tel: (591-2) 2152901 or 215-2904
Fax: (591-2) 215-2904

Country Trade Associations/ Chambers of Commerce

American Chamber of Commerce of Bolivia (AMCHAM) (Camara Americana de Comercio de Bolivia)
Carlos Fernandez, President
Ana Maria Galindo de Paz, General Manager
Av. 6 de Agosto, Edif. Hilda Piso 2, Of. 204, Casilla 8268
Tel: (591-2) 244-3939
Fax: (591-2) 244-3972
Website: www.amchambolivia.com

Private Businessmen’s Confederation (Confederacion de Empresarios Privados de Bolivia)
Lic. Roberto Mustafá, President
Calle Mendez Arcos 117, Casilla 4239
Tel: (591-2) 242-0999
Fax: (591-2) 242-1272
Website: www.cepb.org.bo

National Chamber of Commerce (Camara Nacional de Comercio)
Guillermo Morales, President
Av. Mariscal Santa Cruz Edif. Camara Nacional de Comercio, Casilla 7
Tel: (591-2) 237-8606
Fax: (591-2) 239-1004
Website: www.boliviacomercio.org.bo

National Chamber of Industry (Camara Nacional de Industria)
Viktor de los Heros, President
Av. Mariscal Santa Cruz 1392, Piso 14, Casilla 611
Tel: (591-2) 237-4476
Fax: (591-2) 236-2766
Website: www.bolivia-industry.com

Santa Cruz Chamber of Industry, Commerce, Services and Tourism (CAINCO)
(Camara de Industria, Comercio, Servicios y Turismo de Santa Cruz)
Zvonko Matkovic, President
Oscar Ortiz Antelo, General Manager
Torres CAINCO
Casilla 180
Santa Cruz
Tel: (591-3) 333-4555
Fax: (591-3) 334-2353
Website: www.cainco.org.bo

Bolivian Private Bankers Association (ASOBAN)
(Asociacion de Bancos Privados de Bolivia)
Marcelo Montero, Executive Secretary
Casilla 5822
Tel: (591-2) 233-4794
Fax: (591-2) 239-1093
E-mail: info@asoban.bo
Website: www.asoban.bo

Bolivian Chamber of Construction Companies
(Camara Boliviana de la Construccion)
Ing. Oscar Perez Delgadillo, President
Av 20 de Octubre,1948
Edif. Terranova
Casilla 3215
Tel: (591-2) 242-3139
Fax: (591-2) 211-7530

National Chamber of Small Mining Firms
(Camara Nacional de Mineria)
Dr. Grover Simbron, President
Av. Villazon Pasaje Bernardo Trigo, 429
Casilla 2022
Tel: (591-2) 244-1651
Fax: (591-2) 244-1651
E-mail: canalminbolivia@hotmail.com

National Association of Medium-sized Mining Firms
(Asociacion Nacional de Mineros Medianos)
Dr. Oscar Bonifaz, President
Calle Pedro Salazar, 600
Casilla 6190
Tel: (591-2) 241-2232
Fax: (591-2) 241-4123

Eastern Bolivia Agricultural Chamber (CAO)
(Camara Agropecuaria del Oriente)
Jose Céspedes Alvarez, President
Casilla 116
Santa Cruz
Tel: (591-3) 352-2200
Fax: (591-3) 352-2621
Website: www.cao.bo.org

Country Market Research Firms

All market research and consulting companies are required to register with:

National Chamber of Consulting Companies
Oscar Aguilar, President
Edificio Los Jardines, Piso 5, Of. 5D
Casilla 8560
Tel: (591-2) 244-3819
Fax: (591-2) 244-3819
Website:www.canec.com.bo

Commercial Banks

Banco de Credito Bolivia S.A.
Calle Colon 1308. Casilla 907
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Fax: (591-2) 233-2203
Website: www.bancodecredito.com

Banco do Brasil
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Fax: (591-2) 231-1788
E-mail: lapaz@bancodobrasil.com.br

Banco Economico S.A.
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Fax: (591-3) 336-1184
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Website: www.baneco.com.bo

Banco Ganadero S.A.
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Banco Industrial S.A. (BISA)
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Banco Mercantil S.A.
Calle Ayacucho esq. Mercado, Casilla 423
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Fax: (591-2) 240-9362

Banco Nacional de Bolivia S.A.
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Banco Solidario S. A.
Nicolas Acosta 289
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Website: www.bancosol.com.bo

Banco Union
Calle Libertad 156
Santa Cruz
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Fax: (591-3) 334-6869
Website: www.bancounion.com.bo

Citibank S.A.
Av. Ballivian – Torres Ketal; Piso 15, Casilla 250
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Fax: (591-2) 279-0011
Website: www.cigroup.net

Multilateral Development Banks

World Bank
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Fernando Guachalla 342, Edif. Victor, Piso 9
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Fax: (591-2) 215-3305
E-mail: reception@worldbank.org
Website: www.bancomundial.org.bo

Inter-American Development Bank (IADB)
Carlos Melo, Representative
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Fax: (591-2) 239-1089
Website: www.iadb.org

Andean Development Corporation (CAF)
(Corporacion Andina de Fomento)
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Washington-Based U.S. Government Contacts

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12. MARKET RESEARCH REPORTS

Hydrocarbons Industrial Sector Analysis, 2002
Mining Industrial Sector Analysis, December 2003
Telecommunications Industry Sector Analysis, December 2004
Textiles Industry Sector Analysis, August 2004
Wood Manufacturing Industry Sector Analysis, August 2004

Reports are available from the Commercial Library at the U.S. Embassy in La Paz or via the Embassy webpage – www.megalink.com/usemblapaz/

Reports can also be found at
http://www.export.gov/OneStopConsumer/OneStop/mrllogin.jsp

13. TRADE EVENT SCHEDULE

“Expocruz”
Santa Cruz International Trade Fair
September 16-25, 2005

“FIC”
Cochabamba International Trade Fair
April 28 thru May 8, 2005

More information can be found at http://www.export.gov/comm_svc/tradeevents.html